

Approved 1/29/02

## Financial Information

Login #	209992	Date Received	1/8/2002		
CU #	2540	TOM Code	35 Multiple		
CU Name	ABERDEEN PROVING GROUND		District	2 GREGORY, JIM	
Street	P.O. BOX 1176		SE	E MASEDA, GARY	
City	ABERDEEN	State	MD	Limited Income	0
ZIP	21001-6176	Description	Underserved		

FPR DATA	Capital	Delinquency	Net Income	PAS	Net Worth
6/30/2001	10.15	0.89	0.78	110.12	8.92
12/31/2000	10.46	0.92	1.02	110.47	9.27

Assets	\$419,572,749	Members	74,346
Shares	\$375,370,378	Potential Members	101,500

Current Exam		Last Contact	
Type	10	Type	3
Completion Date	4/2/2001	Completion Date	4/12/2001
Effective Date	12/31/2000	Effective Date	9/28/2000

(b)(8)

CU #: 2540 CU Name: ABERDEEN PROVING GROUND Reviewer: CBY  
 Login #: 209992 Description: UNDERSERVED SSIC #:

### EXPANSION DATA

Group Name, Location and Detail	New Members	Num. of Overlaps	Overlap CUs	FOM Approved
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**UNDERSERVED ADDITION - MIDDLE RIVER AREA**

37904 0 N/A Y

BALTIMORE COUNTY, MD

Underserved area in Middle River (Baltimore County), MD, consisting of 9 contiguous census tracts.

Type of Group: COMMUNITY Confirmation No:

Does overlap harm outweigh benefit? (Y, N, N/A) N/A

No newly chartered CUs in area; no overlap protection for community CUs.

Does the group have the ability to form a CU? (Y, N, N/A) N/A

Underserved expansion.

Is the group within the service area? (Y, N, N/A) N/A

Underserved expansion.

**TOTALS**

Y	37904	0	1
N	0	0	0
D	0	0	0

CU #	2540	CU Name	ABERDEEN PROVING GROUND	Reviewer	CBY
Login #	209992	Description	UNDERSERVED	SSIC #	

Have there been unsafe practices within the 12 months preceding the filing of the application? (Y, N, N/A) N

Yes FOM per 12/31/00 exam data; CU is a \$419.6 million, (b)(8) operation; no problems noted at exam.

Is the CU adequately capitalized? (Y, N, N/A) Y

Net worth: 8.92% (6/01).

Does the CU have the admin. capability and financial resources to handle the expansion? (Y, N, N/A) Y

Management was rated (b)(8) at the 12/31/00 exam; CU is a full-service institution with multiple branch locations. It presently serves 74,346 of 101,500 potential members. It can manage this expansion with 37,904 potential without adverse impact.

#### General Comments (Regional Summary):

CU has met the requirements to serve these underserved census tracts.

#### Recommendation:

Approve underserved expansion.

Reviewer:	Date:	APRV	DEF	DEN
<i>cyale</i>	1/28/02	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director of Insurance:	Date:	APRV	DEF	DEN
<i>MB for AMS</i>	1/29/02	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deciding Official:	Date:	APRV	DEF	DEN
<i>[Signature]</i>	1/29	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deciding Official:	Date:	APRV	DEF	DEN
<i>[Signature]</i>	1/29	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Monday, January 28, 2002

January 28, 2002

Don W. Lewis  
Aberdeen Proving Ground  
Federal Credit Union  
Post Office Box 1176  
Aberdeen, MD 21001-6176

Dear Mr. Lewis:

I have approved your request to serve persons who live, work, worship, or attend school in, and businesses and other legal entities located in the underserved area in Baltimore County identified by census tracts 450502, 450700, 450801, 450802, 450900, 451000, 451300, 451400, and 451600. This change is reflected in Clause 96 on the enclosed Section 5 of your charter:

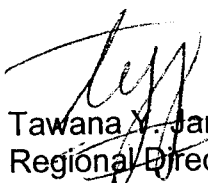
This multiple common bond amendment is approved in advance and need only be adopted by your board of directors in accordance with Article XVII, Section 1 of the revised Federal Credit Union Bylaws effective October 14, 1999.

The addition of this underserved area should give your credit union an estimated potential of more than 37,904 persons, based on the 1990 census. During your annual supervisory examination, we will evaluate your progress in meeting the goals outlined in your business plan, and effectiveness in serving the entire community. We encourage you to market your services throughout the community.

Please be advised occupational and associational groups within the approved investment area may be added to the field of membership of credit unions desiring to serve them.


If you have any questions, please contact Insurance Analyst Claudia Yale at (703) 519-4623.

Sincerely,

  
Tawana Y. James  
Regional Director

DOI/CBY:cby  
FCU 02540-E02  
Enclosure

cc: Office of Credit Union Development

 1/29  
cys 1/28/02  
MB 1/29/02

90. Employees of Fleming Company who work in or are paid from North East, Maryland;  
9/21/01

91. Employees of the following who work in the Maryland locations named: 9/21/01

USCO Logistics, Joppa  
Paramount Die Co., Inc., Belcamp

92. Employees of the following who work in the Maryland locations named: 10/31/01

Holman Contract Warehousing, Inc., Belcamp  
Brightview Assisted Living, Bel Air  
Telcobuy.com, Aberdeen

93. Members of the Geriatric Task Force in Bel Air, Maryland who qualify for membership  
in accordance with its bylaws in effect as of October 2001; 10/31/01

94. Employees of Lorien Nursing and Rehabilitation Center-Riverside who work in  
Belcamp, Maryland; 11/1/01

95. Employees of the following who work in the Maryland locations named: 12/3/01

The GAP Atlantic Distribution Center, Edgewood  
T. C. Simons, Fallston

96. Persons who live, work, worship, or attend school in, and businesses and other legal  
entities located within the following geographic boundaries: **added as underserved area**  
1/28/02

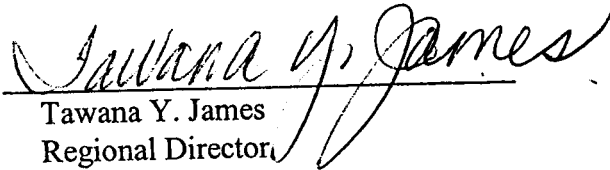
Beginning in the southwest, along the Back River and Muddy Gut, west on  
Southeast Boulevard, south on Walnut Grove Road, west on Marlyn Avenue,  
north along Deep Creek, north on Homberg Avenue, west on Back River  
Neck Road which becomes Stemmers Run Road, north on Eastern Boulevard,  
west on Orville Road, east along the Amtrak railroad line, west on Martin  
Boulevard, north on Pulaski Highway, south on Middle River Road, north on  
Bird River Road, south on Wampler Road, east on Bengies Road, north along  
the MARC railroad line, south on Bengies Road, south on Eastern Avenue,  
then along Frog Mortar Creek, Middle River, and the Chesapeake Bay, to the  
Back River, **EXCLUDING** the portion bounded on the north by Eastern  
Boulevard, and Middle River, Dark Head Creek, and Cow Pens Creek on the  
west, south, and east;

Spouses of persons who died while within the field of membership of this credit union; employees of this credit union; persons retired as pensioners or annuitants from the above employment; members of their immediate families or household; and organizations comprised exclusively of persons in the above employment or service;

Maryland Materials, Inc. 3/18/99  
Cecil Dancenter 3/18/99  
Beta Shoe Company, Inc. 3/18/99  
Aberdeen Chamber of Commerce 3/18/99  
Havre de Grace Little League, Inc. 5/6/99  
Advent Lutheran Church 6/14/99  
Regal Decision Systems, Inc. 6/14/99  
Greater Elkton Chamber of Commerce, Inc. 6/14/99  
Fairview Builders, Inc. 6/14/99  
Bill Denny's Body Repair, t/a Bill Denny's Carstar Collision Repair 6/14/99  
Independence Memorial Post #11377 Veterans of Foreign Wars of the United States, Inc.  
7/15/99  
Bechtel Aberdeen 7/15/99  
Elizabeth's Barber and Beauty 7/15/99  
Anderson's Automotive Repair 8/5/99  
Harrison Repairs 8/5/99  
North Bay Medical Associates 8/13/99  
Harford Renaissance Village 8/31/99  
St. Paul's Evangelical Lutheran Church 9/29/99  
Glasgow Medical Center 10/22/99  
H2Only, Inc. 10/22/99  
The Major Equipment Company, Inc. 10/22/99  
Fallston Manor Veterans of Foreign Wars, Post 749 10/22/99  
Northeastern Maryland Technology Council 10/22/99  
Rite Aid Mid-Atlantic Customer Support Center 11/19/99  
Chesapeake Covenant Church, d.b.a. Chesapeake Community Church 12/22/99  
Immanuel Bible Church 12/22/99  
John H. Harland Company 9/8/00  
Citrus and Allied Essences, Ltd 9/8/00  
AARP Chapter #4415 9/8/00  
D.M. Stoltzfus & Son, Inc. 10/10/00  
The Arc Northern Chesapeake Region 10/10/00  
Caring Hands, Inc. 11/06/00  
American Color Graphics, Inc. 12/5/00  
Constar 12/5/00  
Konica Supplies Manufacturing U. S. A., Inc. 12/5/00  
Paramedical Personnel of Maryland 12/5/00  
Builders First Source 2/2/01  
Cyttec Fiberite, Inc. 2/2/01  
International Technology Corporation 2/2/01

C & S Wholesale Grocers, Inc. 3/13/01  
Cowan Systems LLC 4/25/01  
Hart Heritage Estate 4/25/01  
Nutramax Laboratories, Inc. 4/25/01  
Kohl's Department Store Inc. 5/30/01  
Master-Halco, Inc. 5/30/01  
First Presbyterian Church of Bel Air 5/31/01  
Highway Distribution Systems, Inc. 6/28/01  
Bethel Lutheran Church 9/11/01  
Defense Contract Management Agency 9/11/01  
Steel Technologies, Inc. 9/11/01  
Holman Contract Warehousing, Inc. 10/31/01  
Brightview Assisted Living 10/31/01  
Telcobuy.com 10/31/01  
Geriatric Task Force 10/31/01  
Lorien Nursing and Rehabilitation Center-Riverside 11/01/01  
The GAP Atlantic Distribution Center 12/3/01  
T. C. Simons 12/3/01

January 28, 2002  
Date of Approval

  
Tawana Y. James  
Regional Director

January 28, 2002

Darlene A. Nevin, CEO  
Baltimore Pipe Trades Federal Credit Union  
7830 Philadelphia Road  
Baltimore, MD 21237

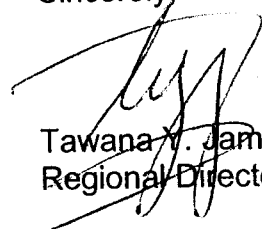
Dear Ms. Nevin:

This is to inform you I approved Aberdeen Proving Ground Federal Credit Union's request to serve persons who live, work, worship, or attend school in, and businesses and other legal entities in an underserved area in Baltimore County identified by the following census tracts: 450502, 450700, 450801, 450802, 450900, 451000, 451300, 451400, 451600.

The decision to approve this expansion is based on the credit union meeting the requirements to serve this area, and our commitment to providing credit union access to individuals who are not currently being served.

Generally, NCUA will permit federal credit unions serving occupational and associational groups to overlap underserved community additions. Therefore, this action does not preclude your credit union from adding select employee or associational groups in the area. Additionally, this action does not preclude any other credit union from gaining approval to serve the same community.

Sincerely,



Tawana V. James  
Regional Director

DOI/CBY:cby  
FCU 02540

cur 1/28/02  
MB 1/29/02  
E/29



January 28, 2002

Mark T. Bold, CEO  
LM Federal Credit Union  
195 Chesapeake Park Plaza  
Baltimore, MD 21220

Dear Mr. Bold:

This is to inform you I approved Aberdeen Proving Ground Federal Credit Union's request to serve persons who live, work, worship, or attend school in, and businesses and other legal entities in an underserved area in Baltimore County identified by the following census tracts: 450502, 450700, 450801, 450802, 450900, 451000, 451300, 451400, 451600.

The decision to approve this expansion is based on the credit union meeting the requirements to serve this area, and our commitment to providing credit union access to individuals who are not currently being served.

Generally, NCUA will permit federal credit unions serving occupational and associational groups to overlap underserved community additions. Therefore, this action does not preclude your credit union from adding select employee or associational groups in the area. Additionally, this action does not preclude any other credit union from gaining approval to serve the same community.

Sincerely,

  
Tawana James  
Regional Director

DOI/CBY:cby  
FCU 02540

*Handwritten notes:*  
cxy 1/28/02  
MA 1/29/02  
J/29

(b)(5)

(b)(5)

(b)(5)

## UNDERSERVED AREA CHECKLIST

<b>APG FCU #02540</b>	<b>Assets \$419.6 million</b>	(b)(8)
<b>SE Maseda</b>	<b>EX Gregory</b>	<b>IA Yale</b>

<b>Underserved Area Request Received</b>		<b>DT. COMP.</b>
	• scan pkg., identify area requested and population	X
	• determine delegated authority	X
	• set up sub-directory and templates	X
	• acknowledge receipt, notify SE/EX	X
	• pull most recent CBS, exam, FOM, and MIS info.	X
	• determine community boundaries and review maps	X
<b>Evaluate Underserved Qualification</b>		
	• verify worksheet from CDFI website or other data	X
	• determine basis for qualification	X
<b>Evaluate Community Action Plan</b>		
	• community needs for financial services identified	X
	• services currently offered and future plans identified	X
	• current and proposed facilities identified	X
	• staffing and other operational needs identified	X
	• financial projections, potential impact reviewed	X
	• detailed marketing plan reviewed	X
	• special programs to serve underserved identified	X
<b>Evaluate FCU Ability to Serve</b>		
	• assess financial condition - capital, earnings, etc.	X
	• assess operations - recordkeeping, fit with FOM, etc.	X
	• assess management - strategic planning, etc.	X
<b>Other Internal Procedures</b>		
	• identify CUs with office in area, if any	X
	• draft regional summary	X
	• obtain field input, results of on-site at SE discretion	X
	• letter to CU	X
	• finalize pkg. w/GENISIS worksheet & FOM amendment	X
	• notify FCU, field staff, other CUs if applicable	X

ABERDEEN PROVING GROUND FCU  
Potential Overlaps 12/21/01

Charter	CU Name	Assets	Open	CAMEL
06039	LM FCU	\$12.0M	1949	(b)(8)
14445	Baltimore Pipe Trades FCU	\$2.7M	1961	

# CU Financial Information

MARK T. BOLD

Chartered: 1949

CU ID	6039	TOM Code	49	Multiple
CU Name	LM	District	2	GREGORY, JIM
Street	195 CHESAPEAKE PARK PLAZA	SE	E	MASEDA, GARY
City	BALTIMORE	State	MD	Limited Income
ZIP	21220			0

EPR DATA	Capital	Delinquency	Net Income	PAS	Net Worth
6/30/2001	8.32	0.00	0.75	108.54	7.81
12/31/2000	8.53	0.01	0.97	108.79	8.02

Assets	\$11,983,333	Members	3,146
Shares	\$10,958,572	Potential Members	7,500

Current Exam		Last Contact	
Type	10	Type	10
Completion Date	1/18/2001	Completion Date	1/18/2001
Effective Date	11/30/2000	Effective Date	11/30/2000

(b)(8)

# CU Financial Information

DARLENE A. NEVIN

Chartered: 1961

CU #	14445	TOU Code	02	Single
CU Name	BALTIMORE PIPE TRADES	District	4	VOYTANS, CHARLES
Street	7830 PHILADELPHIA ROAD	SE	E	MASEDA, GARY
City	BALTIMORE	State	MD	Limited Income
ZIP	21237			0

EPR DATA	Capital	Delinquency	Net Income	PAS	Net Worth
6/30/2001	12.32	2.66	0.79	110.87	9.78
12/31/2000	13.13	3.01	0.76	110.92	9.83

Assets \$2,685,933

Members 1,873

Shares \$2,417,223

Potential Members 2,500

Current Exam		Last Contact	
Type	10	Type	10
Completion Date	5/1/2001	Completion Date	5/1/2001
Effective Date	2/28/2001	Effective Date	2/28/2001

(b)(8)



## U.S. Census Bureau

## U.S. Gazetteer

Select one of the following matches to your query to look at that place in the Tiger Map Browser or retrieve 1990 Census tables.

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You can search this index. Type the keyword(s) you want to search for:

---

- **Middle River, MD (cdp)**  
Population (1990): 24616  
Location: 39.33405 N, 76.43403 W  
Zip Code(s): 21220 21221 21237  
Browse Tiger Map of area.  
Lookup 1990 Census [STF1A](#), [STF3A](#) tables.

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\*Note: This dataset is derived from the Census GICS and does not contain unincorporated place names.

For other geographic entities, try searching the [USGS Geographic Names Information System](#).  
*The US Gazetteer Place and Zipcode files used in this service is available for downloading.*

For additional information, comments and suggestions, see the [Feedback](#) page.

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USCENSUSBUREAU

*Helping You Make Informed Decisions*

21220 = Middle River

220 - LM 6039  
221  
237 Bults  
Pipi Jeds  
14445

**Aberdeen Proving Ground  
Federal Credit Union**

P.O. Box 1176, Aberdeen, MD 21001-6176

January 4, 2002

Ms. Tawana Y. James  
Regional Director  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3437

Dear Ms. James:

I have acted on your request of December 26, 2001 which asked for additional information on APGFCU's application to expand its field of membership in the Middle River area of Baltimore County.

Enclosed with this letter are the two items you requested in support of our wish to bring the benefit of credit union services to this underserved area:

1. A written description of the perimeter boundary of the nine census tracts within the Middle River area.
2. A detailed map showing the boundary and the names of streets, railroads, waterways, and other fixed geographic boundaries that are referenced in the written description.

The enclosed map covers a larger area that shows the relative location of this underserved area to the City of Baltimore immediately to its west.

Also marked on this map is the location of the Bon Secours Hospital that APGFCU is currently serving with a limited branch facility and 24-hour ATM service. As you know, as part of our application for a community charter, APGFCU is requesting approval of the NCUA Board to continue our service at the Bon Secours location.

If you should have any further questions or need additional information, please contact me and I shall respond promptly.

I appreciate your cooperation in this important step for our credit union.

Sincerely,



Don W. Lewis  
President/CEO

Enclosures

REC-2 AM1 127 JAN 07 02

Aberdeen Proving Ground Federal Credit Union  
Underserved Area of Middle River, Baltimore County, Maryland.

The outer perimeter description of the area encompassing the nine census tracts of the Middle River Area is as follows:

Moving clockwise from the shore at the southwest corner of the area: from the Back River and Muddy Gut, to River Neck Road, to Marlyn Avenue, to Walnut Grove Road, back to Marlyn Avenue, to Deep Creek, to Homberg Avenue, to Back River Neck Road which becomes Stemmers Run Road, to Eastern Boulevard, to Orville Road, to the main Amtrak railroad line, to Martin Boulevard, to Pulaski Highway, to Middle River Road, to Bird River Road, to Wampler Road, to Bengies Road, to the MARC railroad line, back to Bengies Road, to Eastern Avenue, to Frog Mortar Creek, to the Middle River, and down the Chesapeake Bay and to the point of beginning at the Back River and Muddy Gut.

The following portion of land (Census Tract 4515) is **excluded** from the area described above: the property bordered on the north by Eastern Boulevard and on the west, south and east by the Middle River, Dark Head Creek, and Cow Pens Creek.

12/26/01 p

# Financial Information

<b>Login #:</b>	209731	<b>Date Received:</b>	12/10/2001
<b>CUY:</b>	2540	<b>ROM Code:</b>	35 Multiple
<b>CU Name:</b>	ABERDEEN PROVING GROUND		<b>District:</b> 2 GREGORY, JIM
<b>Street:</b>	P.O. BOX 1176		<b>SE:</b> E MASEDA, GARY
<b>City:</b>	ABERDEEN	<b>State:</b>	MD
<b>ZIP:</b>	21001-6176	<b>Limited Income:</b>	0
<b>Description:</b>		Underserved	

FPR DATA	Capital	Delinquency	Net Income	PAS	Net Worth
6/30/2001	10.15	0.89	0.78	110.12	8.92
12/31/2000	10.46	0.92	1.02	110.47	9.27

<b>Assets:</b>	\$419,572,749	<b>Members:</b>	74,346
<b>Shares:</b>	\$375,370,378	<b>Potential Members:</b>	101,500

Current Exam		Last Contact	
<b>Type:</b>	10	<b>Type:</b>	3
<b>Completion Date:</b>	4/2/2001	<b>Completion Date:</b>	4/12/2001
<b>Effective Date:</b>	12/31/2000	<b>Effective Date:</b>	9/28/2000

(b)(8)

CU #	2540	CU Name	ABERDEEN PROVING GROUND	Reviewer	CBY
Location #	209731	Description	UNDERSERVED	SSIC #	

### EXPANSION DATA

Group Name, Location and Detail	New Members	Num of Overlaps	Overlap CUs	FOM Approved
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<b>UNDERSERVED ADDITION</b>	37904	0		D
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MIDDLE RIVER, MD

Underserved area in Middle River (Baltimore County), MD, consisting of 9 census tracts.

Type of Group: COMMUNITY Confirmation No:

Does overlap harm outweigh benefit? (Y, N, N/A) N/A

No newly chartered CUs in area; no overlap protection for community CUs.

Does the group have the ability to form a CU? (Y, N, N/A) N

Underserved expansion.

Is the group within the service area? (Y, N, N/A) N/A

Underserved expansion.

	Y	0	0	0
TOTALS	N	0	0	0
	D	37904	0	1

CU #	2540	CU Name	ABERDEEN PROVING GROUND	Review By	CBY
Login #	209731	Description	UNDERSERVED	SSIC #	

Have there been unsafe practices within the 12 months preceding the filing of the application? (Y, N, N/A) ☐ N

Yes FOM per 12/31/00 examination data; CU is a \$419.6 million (b)(8) operation; no problems noted at exam.

Is the CU adequately capitalized? (Y, N, N/A) ☐ Y

Net worth: 8.92% (6/01).

Does the CU have the admin. capability and financial resources to handle the expansion? (Y, N, N/A) ☐ Y

Management was rated (b)(8) at the 12/31/00 exam; CU is a full-service institution with multiple branch locations. It presently serves 74,346 of 101,500 potential members. It can handle the expansion of 37,904 potential members without adverse impact.

#### General Comments (Regional Summary):

CU did not provide written geographic boundaries or a map with sufficient detail to determine the streets, etc. Otherwise, the application is complete.

#### Recommendation:

Defer action at this time. Send deficiency letter to the CU. Also, because only the boundaries are missing, we will solicit the field's comments.

Reviewer:	Date:	APRV	DEF	DEN
<i>Cyale</i>	12/21/01	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director of Insurance:	Date:	APRV	DEF	DEN
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deciding Official:	Date:	APRV	DEF	DEN
<i>James J. Williams</i>	12/26/01	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Deciding Official:	Date:	APRV	DEF	DEN
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thursday, December 20, 2001

December 26, 2001

Don W. Lewis, President/CEO  
Aberdeen Proving Ground  
Federal Credit Union  
Post Office Box 1176  
Aberdeen, MD 21001-6176

Dear Mr. Lewis

We reviewed your request to expand your field of membership to include an underserved area in the Middle River area of Baltimore County, Maryland, identified by census tracts 450502, 450700, 450801, 450802, 450900, 451000, 451300, 451400, and 451600. We are unable to finalize our review of your application, however, because additional information is needed as outlined below:

#### **Geographic Boundaries**

Please provide well-defined (written) boundaries of the underserved area and a map with sufficient detail to support the stated boundaries. We were unable to attempt to identify the boundaries for you, as the maps provided did not contain the level of detail necessary to perform this task.

An underserved area cannot be identified in a charter by census tracts. It must be described by fixed geographic boundaries such as recognized legal entities (e.g. townships, cities, counties, or political subdivisions thereof), rivers, streets and forests. A description specifically stating the north, south, east, and west boundaries is required. Sample descriptions are shown below.

It is bordered by Riley Creek on the East, the South River on the South, Marklin Township and Friendship Borough on the North, and Clayton Borough on the West.

The community consists of the areas within the northern and western county lines. The eastern and southern borders run from the Franklin River to Forrest Hills Mill Road to Route 222 to Lancaster Road to Green Street to Route 777 to Groveland Road to Barton's Lane to Carroll's Creek to the Deep Water River.

Geographic boundaries for census tracts are available from the websites of the U.S. Census Bureau, [www.census.gov](http://www.census.gov), and the Federal Financial Institutions Examination Council (FFIEC), [www.ffiec.gov](http://www.ffiec.gov). This information may also be obtained from the area's local government.

Don W. Lewis, President/CEO  
December 21, 2001  
Page Two

On receipt of the above information, we can finalize our review of your proposal. In the interim, if you have any questions, please contact Insurance Analyst Claudia Yale at (703) 519-4623.

Sincerely,

Tawana Y. James  
Regional Director

DOI/CBY:cby  
FCU 02540-02E

bcc: Reading / DOI Reading / SE Maseda / EX Gregory  
i:\ins\underserved\APG\defer12-21

*[Handwritten signature]*  
12/26/01  
  
12/26/01  
cyf



December 14, 2001


Don W. Lewis, President/CEO  
Aberdeen Proving Ground  
Federal Credit Union  
Post Office Box 1176  
Aberdeen, MD 21001-6176

Dear Mr. Lewis:

Thank you for your application to convert to a community credit union, serving Cecil and Harford counties, Maryland, and for your request to add nine census tracts in Baltimore County, Maryland, as an underserved area.

Your requests will be processed separately. In both instances, we will contact you when we reach a decision or need further information. If you have any questions, please contact Insurance Analyst Claudia Yale at (703) 519-4623.

Sincerely,

  
Tawana Y. James  
Regional Director

DOI/CBY:cby  
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*cuf 12/13/01*



P.O. Box 1176, Aberdeen, MD 21001-6176

December 10, 2001

Ms. Tawana Y. James, Regional Director  
National Credit Union Administration Region II  
1775 Duke Street, Suite 4206  
Alexandria, VA 22314-3437

Dear Ms. James:

We are pleased to present this proposal as our request for Aberdeen Proving Ground Federal Credit Union to convert to a community charter to serve the following:

- Underserved Census Tracts in the Middle River Area (see attached)
- Harford-Cecil County Community
- Bon Secours Hospital (Baltimore) currently serving as result of merger with troubled Liberty Medical Center Employees Federal Credit Union.

We believe that our proposal clearly demonstrates that the requested Census Tracts in the Middle River Area meet the requirements as set forth by the National Credit Union Administration. In addition, we also believe that the Harford-Cecil County Community meets the definition of a single well-defined community where people interact and share common goals and interests.

We are requesting an exception to the National Credit Union Administration's policy to allow us to continue serving those persons working at the Bon Secours Hospital in downtown Baltimore since a large portion of their employees qualify individually as underserved. Had Aberdeen Proving Ground Federal Credit Union not responded to the National Credit Union Administration's request for our assistance, the Liberty Medical Center Employees Federal Credit Union would have been either closed through an emergency merger or liquidation. Our records show we are enjoying great success in serving these people who desperately need credit union service.

In the proposal you will find our business plan with financial projections that shows that our credit union can handle the proposed groups financially and administratively without a negative impact on our operations or financial condition. The proposal also contains a comprehensive marketing plan that demonstrates how we plan to serve the requested groups. We strongly believe that approval of this request will be beneficial not only for our credit union, but for the areas and its citizens as well.

We sincerely believe that we have complied with all National Credit Union Administration regulations, Interpretive Ruling and Policy Statements and policies.

Our proposal has been discussed with Analyst Mary Bashore in your Division of Insurance. Ms. Bashore has been very helpful and we are hopeful she can process our request.

If you find you need additional information to support our request, or if you have any questions, please feel free to contact Allen Carver of O'Rourke Consulting at (770) 587-6910.

Sincerely,

Don W. Lewis  
President/CEO

**CDFI Fund Online Help Desk - CDFI Program**

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☒ Tract ☐ County

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CDFI Test

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✓ Qualified


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**Step by step instructions**

1. Select **ADD** button, click on the desired tract
2. Once you have selected the census tract(s), click the **Send to Test** button.
3. If your area qualifies, press the **Submit** button
4. If your area does not qualify, you can change and click **Send to Test** again.

 Geographic Unit Meets CDFI Investment Area Criteria

 Geographic Unit Does Not Meet CDFI Investment Area Criteria

*Please refer to Federal Register at 12 CFR Part 1806 for the requirements to designate a Distressed Community/Investment Area.*

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## Investment Area Worksheet

Applicant Name: NCUA TestInvestment Area Name: APGFCU

City/State:

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P	Column Q
Geographic Unit			Population	Poverty			Median Family Income			Unemployment			Distressed Housing			Pop Ct
State Code	Geographic Unit	Geog. Unit Code	Total Population	No. of Persons for whom Poverty Status is Determined	No. of Persons with Income Below Poverty	% Persons Below Poverty Level (1989)	MA or Non-MA Median Family Income (1989)	Geog. Unit Median Family Income (1989)	% Geog. Unit to MA or Non-MA Median Family Income	National Unempl. Rate %	Geog. Unit Unempl. Rate %	Geog. Unit to National Unempl.	Total Housing Units	Total Distressed Housing Units	% Distressed Housing	198 t 199
24	Tract	450502	11,059	11,001	1,300	12	\$42,206	\$29,157	69.08	6.3	7.31	1.16	4,541	0	0.00	n
24	Tract	450700	2,297	2,297	657	29	\$42,206	\$22,452	53.20	6.3	13.41	2.13	972	0	0.00	n
24	Tract	450801	1,258	1,258	460	37	\$42,206	\$15,179	35.96	6.3	15.96	2.53	655	0	0.00	n
24	Tract	450802	4,205	4,173	1,489	36	\$42,206	\$18,150	43.00	6.3	14.65	2.33	1,585	0	0.00	n
24	Tract	450900	3,812	3,812	110	3	\$42,206	\$43,659	103.44	6.3	4.81	0.76	1,373	0	0.00	n
24	Tract	451000	1,818	1,813	107	6	\$42,206	\$41,488	98.30	6.3	4.89	0.78	663	4	0.60	n
24	Tract	451300	3,556	3,439	460	13	\$42,206	\$26,538	62.88	6.3	6.53	1.04	1,436	0	0.00	n
24	Tract	451400	7,433	7,378	1,127	15	\$42,206	\$28,312	67.08	6.3	6.16	0.98	2,718	7	0.26	n
24	Tract	451600	2,466	2,460	340	14	\$42,206	\$32,545	77.11	6.3	5.66	0.90	1,106	0	0.00	n
	<b>Total</b>		37,904	37,631	6,050	16	\$42,206	\$29,157	69.08	6.3	7.76	1.23	15,049	11	0.07	n

Total Population of Geographic Units that do not meet the distress criteria (if any) 5,630Percent of Total Population in Geographic Units not meeting distress criteria 14.85%

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**Aberdeen Proving Ground Federal Credit Union  
UNDERSERVED COMMUNITY ADDITION  
REGION II - CAPITAL**

**TABLE OF CONTENTS**

- **TAB 1 - Regional Summary**
- **TAB 2 - Current Field of Membership**
- **TAB 3 - Maps**
- **TAB 4 - Qualification As Underserved Community**
- **TAB 5 - Business and Marketing Plan**
- **TAB 6 - Financial Data**
- **TAB 7 - Examination Report**
- **TAB 8 – Field Recommendation**

**REGIONAL SUMMARY  
UNDERSERVED AREA  
ABERDEEN PROVING GROUND FCU #02540  
ABERDEEN, MD**

**1. Credit Union Information:**

**Requirement:** The financial and operational condition of the credit union must be considered in approving an expansion.

**Reference:** *Chartering and Field of Membership Manual*, Chapter 2, Section II.C.2.

Asset Size: \$421,911,249

CAMEL: (b)(8)

Current/Potential: 75,287/101,500 = 74.17%

Key Ratios	12/98	12/99	12/00	09/01
Net Worth	8.27%	9.01%	9.26%	9.01%
Del. Loans	1.23%	0.87%	0.92%	0.91%
Chg. Offs	1.54%	1.63%	1.00%	0.63%
ROA	0.33%	0.96%	1.02%	0.72%
Loans/Shares	74.54%	75.07%	79.75%	76.50%
Market Growth	5.30%	2.18%	7.75%	12.44%

Aberdeen Proving Ground (APG) FCU has been a (b)(8) credit union since 1997, with (b)(8) The most recent examination report (effective 12/31/00) indicates the credit union continues to improve on an already successful operation. Trends reported in the 3<sup>rd</sup> Quarter 2001 Call Report do not identify any concerns. The addition of this underserved area is part of management's efforts to diversify its membership.

**Conclusion:** APGFCU is financially sound and well managed as evidenced by its key ratios, examination report, and Yes-FOM designation.

**2. Underserved Area Information:**

**Potential:** Population = 37,904 per 1990 census (CDFI Investment Area Worksheet)

**Description of Area:** Nine contiguous census tracts in Baltimore County, Maryland: 450502, 450700, 450801, 450802, 450900, 451000, 451300, 451400, 451600, with the following boundaries:

Beginning in the southwest, along the Back River and Muddy Gut, west on Southeast Boulevard, south on Walnut Grove Road, west on Marlyn Avenue, north along Deep Creek, north on Homberg Avenue, west on Back River Neck Road which becomes Stemmers Run Road, north on

Eastern Boulevard, west on Orville Road, east along the Amtrak railroad line, west on Martin Boulevard, north on Pulaski Highway, south on Middle River Road, north on Bird River Road, south on Wampler Road, east on Bengies Road, north along the MARC railroad line, south on Bengies Road, south on Eastern Avenue, then along Frog Mortar Creek, Middle River, and the Chesapeake Bay, to the Back River, **EXCLUDING** the portion bounded on the north by Eastern Boulevard, and Middle River, Dark Head Creek, and Cow Pens Creek on the west, south, and east.

**Requirement:** The area must meet one of these criteria:

- Located in an Empowerment Zone or Enterprise Community
- Poverty at least 20%
- Metropolitan area where median family income (MFI) is at or below 80% of the metro area or national metro area MFI
- Area outside of a Metropolitan Area, where the MFI is at or below 80% or the statewide non-metro MFI or the national non-metro MFI, whichever is greater.
- An area where the unemployment rate is at least 1.5 times the national average.
- An area where the percentage of occupied distressed housing is at least 20%
- An area located outside of a Metropolitan Area with a county population loss between 1980 and 1990 of at least 10%.

**Reference:** *Chartering and Field of Membership Manual*, Chapter 3, Section III.

**Distressed Area Determination Based on Median Family Income (MFI):** The MFI for the designated census tracts in Baltimore County, Maryland, is 69.08 percent of the metropolitan area or national metropolitan MFI per CDFI data.

**Conclusion:** The requested area qualifies as an underserved addition because it is in a metropolitan area where the MFI of \$29,157 is at or below 80% of the metro area or national metro area MFI of \$42,206.

### **3. Service facility.**

**Requirement:** The credit union must maintain a service facility in or near the investment area within 2 years.

**Reference:** *Chartering and Field of Membership Manual*, Chapter 3, Section III.

APGFCU will open a service facility in the investment area within two years following approval of the underserved expansion. It currently has two full-service offices within reasonable proximity to the underserved area:

1011 Woodbridge Center Way, Edgewood – 10.9 miles  
2113 Laurel Bush Road, Bel Air – 15.7 miles

**Conclusion:** The credit union meets the requirement as it intends to open a service facility in the underserved area within two years, and currently has two existing facilities that are readily accessible to residents in the underserved area.

#### **4. Qualification as a well-defined local community, neighborhood, or rural district.**

**Requirement:** This is met if:

- The area to be served is located within a recognized single political jurisdiction (i.e., a county or its political equivalent or any contiguous political subdivisions contained therein) and the population does not exceed 300,000, or
- The area to be served is located within multiple contiguous political jurisdictions, (i.e. A county or its political equivalent or any political subdivisions contained therein) and the population does not exceed 200,000

**Reference:** *Chartering and Field of Membership Manual*, Chapter 3, Section III.

The requested area consists of a nine census tracts within a single political jurisdiction (Middle River, MD), and has a population of 37,904.

**Conclusion:** The area qualifies as a well-defined local community, neighborhood, or rural district because:

- it is within a single political jurisdiction (Middle River, MD), and
- the population does not exceed 300,000.

#### **5. Business and Marketing Plan**



**Requirement:** The credit union must develop a business plan specifying how it will serve the community. The plan, at a minimum, must:

- Identify the credit and depository needs of the community, and
- Detail how the credit union plans to meet those needs.

The following minimum information must be provided:

- Current financial statements.
- Pro forma financial statements for the first two years after the expansion, including assumptions.
- Financial services to be provided to members, including low-income members.
- Location(s) of current and proposed service facilities.
- Anticipated financial impact on the credit union.
- Marketing plan addressing how the community will be served.
- Community action plan –addressing how the credit union plans to market its services to the entire community, including any underserved or low-income areas.

**Reference:** *Chartering and Field of Membership Manual*, Chapter 3, Section III.

The credit union supplied business and marketing plans to identify the needs of the community and indicate how these needs will be met. Each of the requirements listed above is addressed in the application package.

### **Business Plan:**

**Current Financial Statements** show continued stable operations, with strong net worth and acceptable financial trends. There are no concerns over the credit union's current level of performance.

**Key Pro Forma Financial Data** for the two years following the underserved addition show there will be minimal financial impact on the credit union's operation. Selected data and ratios are presented below, followed by assumptions:

	09/01	(b)(8)
Shares	\$376,232,000	
Loans	\$287,800,000	
Assets	\$421,911,000	
Loans/Shares	76.50%	
Net Worth	9.01%	
ROA	0.72%	

(b)(8)

**Loans** should increase an average of 16.9 percent in the first year, and 13.0 percent in the second year.

**The financial services to be provided** will meet the needs of the entire community. APGFCU is a large, full-service financial institution, with a comprehensive package of products and services that will be of interest to residents in the underserved community, including:

- No "low-balance fee" share accounts
- Free regular share draft accounts
- Low minimum balance share certificates
- Small contribution/accumulation structured IRAs

- No application fee loan products
- First time home buyer program
- No annual fee Visa
- Free ATM access, notary service, website access, on-line banking, bill payer,

The credit union also offers 24-hour telephone access, payroll deduction, direct deposit, free/low-cost insurance programs, night deposit, low-cost money orders, free financial seminars and debt/credit counseling, and a credit rebuilder program.

**The credit union has adequate service facilities**, as discussed above. In addition to adding a branch in the underserved area, the credit union anticipates adding another branch office within its general service. The credit union will hire 14 additional employees to staff the new offices and add five CU-owned ATMs over the next two years. The costs of these expansions have been incorporated into the credit union's financial projections.

**The anticipated short-term financial impact on the credit union** is favorable. The credit union seeks to stabilize its field of membership through the addition of an underserved area, as well as by converting to a community charter. The application to convert to a community charter is being processed separately. The credit union originally was chartered to serve military and civilian personnel at Aberdeen Proving Ground; however, changes in the Department of Defense have affected its operation and expansion in the local community is intended to support it through the transition. The credit union has a strong management team that is capable of expanding its operation to include the needs of the underserved community, while maintaining the overall health of the credit union.

**Marketing Plans** include a number of approaches to reaching the community, including media advertising, public relations, and community involvement. The credit union's plan reflects a balanced approach to reaching potential members, and also includes efforts to reach targeted groups such as the underserved, youth, seniors, empty nesters, new homebuyers, young families, etc. The credit union publishes a monthly newsletter and

will maintain weekly visibility in three local newspapers. It will also utilize direct mailings, the internet, point-of-sale opportunities, and special events.

The application contained a 12-month marketing plan that serves as the basis for each year's promotional activities. The plan can be modified to accommodate unexpected events or to better market its services.

**The marketing budget** is \$645,000 in Year 1 and \$710,000 in Year 2. These costs are included in the credit union's business plan and financial projections.

Together, the business and marketing plans adequately address how APGFCU will market its services to the entire community, including underserved persons.

### **Conclusion:**

The growth assumptions and financial projections are reasonable and achievable, based on the credit union's history, existing infrastructure, and economic environment. The credit union's business plan successfully addresses the needs of the community and how it will serve those needs. Management has the resources and commitment to ensure the success of this proposal.

### **6. Delegated Authority**

The total population of the area is 37,904 as of 1990. The proposal falls within the regional director's delegated authority under CHA 3, CHA 4A, and CHA 4B. No concurrences are required.

### **7. 15 Percent Rule**

CDFI regulations allow inclusion of geographic units not meeting distress criteria as long as the following conditions are met:

A group of contiguous geographic units which together meet one of the criteria in paragraph (b)(3)(ii)(D) of this section, provided that the combined population residing within individual geographic units not meeting any such criteria does not exceed 15 percent of the total population of the entire Investment Area.

Two census tracts, 450900 and 451000, do not meet the median family income test. Together, these tracts contain 5,630 residents and represent 14.85 percent of the area's total population, falling within the permissibility guidelines of the 15 percent rule.

### **8. Field Review**

SE Maseda and EX Gregory recommend approval of the credit union's request to serve the underserved area.

## 9. Recommendation

The credit union has met the requirements to add this underserved area. Therefore, we concur in the field's recommendation to approve.

  
Insurance Analyst Claudia Yale

1/25/02  
Date

  
Director of Insurance Antoinette St. Clair

1/29/02  
Date

  
Associate Regional Director Michael Villemure

1/29/02  
Date

\_\_\_\_\_  
Regional Director Tawana Y. James

\_\_\_\_\_  
Date

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Section 5 of the Charter of the Aberdeen Proving Ground Federal Credit Union is hereby amended to read as follows:

"The field of membership shall be limited to those having the following common bond:

1. Civilian and military personnel of the U. S. government who work at or are stationed at Aberdeen Proving Ground, Maryland;
2. Employees of non-appropriated fund activities, the Exchange Services, the American Red Cross, *the USO, the equitable Trust Bank* (deleted 12/1/93), and concessionaires who work at Aberdeen Proving Ground, Maryland;
3. Civilian and military personnel of the Adjutant General Publications who work at Middle River, Maryland;
4. Civilian and military personnel of the U. S. Government who work in Harford or Cecil Counties, Maryland, and who are not eligible for membership in another occupational type credit union;
5. Military and civilian personnel of the Maryland National Guard;
6. Contractors, sub-contractors, and their employees, who work regularly at Aberdeen Proving Ground under contract with the U. S. Government;
7. Members of U. S. Armed Forces, active or retired, or their dependents or dependent survivors who are eligible by law or regulations to receive and are receiving benefits or services from the above military installation;
8. Foreign students, exchange and liaison personnel assigned to Aberdeen Proving Ground, Maryland;
9. Personnel separated from the U. S. Armed Forces who are receiving Veterans Disability Compensation (or who have applied for Veterans Disability Compensation) and are regularly using medical services at Aberdeen Proving Ground, Maryland;
10. Employees of Harford County, Maryland,
11. Employees of the towns of Aberdeen and Havre de Grace, Perryville, and Port Deposit, Maryland;
12. Active members of Volunteer Fire Departments or Companies in Harford County, Maryland;
13. Active members of Post 47 American Legion Ambulance Corps in Havre de Grace, Harford County, Maryland;
14. Employees, doctors, medical staff, and technicians of Harford Memorial Hospital who work in Havre de Grace, Maryland; medical employees of staff doctors of the above hospital; volunteers who work at the above Harford Memorial Hospital under supervision of the hospital staff;

15. Employees of Citizens Nursing Home of Harford County;

16. Members and employees of members of the Harford County Chamber of Commerce in Bel Air, Maryland, members of which qualify for membership in accordance with its constitution and bylaws as of June 1986, except for those persons who by virtue of their employment are eligible for membership in another occupational type credit union: Provided, however, That no exclusive rights are given on any member-employee group seeking outside credit union affiliation on an individual basis;

17. Employees of Harbison-Walker Refractories, a division of Dresser Industries, Inc., who work in Northeast, Maryland;

18. Members and employees of members of the Cecil County Chamber of Commerce in Elkton, Maryland, members of which qualify for membership in accordance with its constitution and bylaws as of April 1988, except for those persons who by virtue of their employment are eligible for membership in another occupational-type Credit union: Provided, however, That no exclusive rights are given on any member-employee group seeking outside credit union affiliation on an individual basis;

19. Employees of Terumo Medical Corporation who work in Elkton, Maryland;

20. Employees and elected and appointed officials of The Town of North East Maryland;

21. Active members of the Singerly Fire Company in Elkton, Maryland; members of its Ladies Auxiliary; 6/21/93

22. Employees of Coughlin & Mann, Chartered, who work in Bel Air, Maryland; 7/6/93

23. Employees of A.O. Smith Automotive Products Company who work in Belcamp, Maryland; 3/23/94

24. Members of the chapters of the Disabled American Veterans Department of Maryland, Inc., who qualify for membership in accordance with the Disabled American Veterans National Constitution in effect as of December 9, 1994, and who reside in the Maryland counties of Harford, Cecil, and Kent, provided, however, that membership is limited to a maximum of 2,500 of such persons; 12/9/94

25. Employees of W.L. Gore & Associates, Inc., who work in Elkton, Maryland; 12/9/94

26. Employees of Zeneca Pharmaceuticals Newark Site who work in Newark, Delaware; 1/27/95

27. Employees of Precisionforms, Inc. who work in Rising Sun, Maryland; 3/23/95

28. Employees and members of the Board of Directors of the Boys and Girls Club of Harford County Maryland, Inc., in Aberdeen, Maryland; 4/28/95

29. Employees of Medpointe who work in Elkton, Maryland; 8/15/95

~~30. Groups of persons with occupational common bonds which are located within 25 miles of one of the credit union's service facilities, which have provided a written request for service to the credit union, which do not presently have credit union service available, and which have no more members in the group than the maximum number established by the NCUA Board for additions under this provision: Provided, however, that the National Credit Union Administration may permanently or temporarily revoke the power to add groups under this provision upon a finding, in the Agency's discretion, that permitting additions under this provision are not in the best interests of the credit union, its members, or the National Credit Union Share Insurance Fund; SEP 10/16/95 (Suspended 10/25/96)~~

31. Employees of Chesapeake Care Resources, Inc. who work in North East, Maryland; 10/13/95

32. Natural-person members of the Harford County Electrical Contractors Association, Inc., in Bel Air, Maryland, who qualify for membership in accordance with its constitution and bylaws in effect as of April 1996 and who reside or work in the State of Maryland, and students in the Apprenticeship Program of the above association working toward a state journey person license, provided, however, membership is limited to 2,500 of such persons; 4/23/96

33. Dues-paying club card members ages 6 - 18 of the Boys & Girls Club of Harford County Maryland, Inc., in Aberdeen or Edgewood, Maryland, provided, however, membership shall be limited to 2,500 of such persons; 10/2/96

~~34. Employees of the following who work in the Maryland locations named: 10/17/96~~

~~DuClaw Brewing Company, Bel Air  
Adia Personnel Services, Aberdeen~~

34. Employees of DuClaw Brewing Company who work in Bel Air, Maryland; 10/17/96

35. Employees of Adia Personnel Services who work in or are paid from Aberdeen, Maryland; 10/17/96 (housekeeping change 1/9/97)

36. Natural-person regular and associate members of The Greater Havre de Grace Chamber of Commerce, Inc., in Havre de Grace, Maryland, who qualify for membership in accordance with its bylaws in effect as of October 1996, provided, however, membership shall be limited to 2,500 of such persons; employees of The Greater Havre de Grace Chamber of Commerce, Inc.; 10/24/96

37. Employees of Randy's Raingutter Cleaning & Services, Inc., who work in Conowingo, Maryland; 2/10/99

38. Employees of the following who work in the Maryland locations named:

Maryland Materials, Inc., North East 3/18/99  
Cecil Dancenter, North East 3/18/99  
Beta Shoe Company, Inc., Belcamp 3/18/99

Check Gallery, Inc., Joppa 4/19/99  
Survive Engineering Company, Aberdeen 4/19/99  
Calvert Manor Health Care Center, Rising Sun 4/19/99  
Advent Child Development Center, Forest Hill 5/6/99  
Aliceanne Association, LP, Bel Air 5/6/99  
Regal Decision Systems, Inc., Fallston 6/14/99  
Fairview Builders, Inc., Pylesville 6/14/99  
Bill Denny's Body Repair, t/a Bill Denny's Carstar Collision Repair, Havre de Grace  
6/14/99

39. Members of the Aberdeen Chamber of Commerce in Aberdeen, Maryland, who qualify for membership in accordance with its bylaws in effect as of March 1999; 3/18/99
40. Employees of Highway Service Ventures, Inc., who work at Petro Stopping Center in Elkton, Maryland; 4/19/99
41. Natural and non-natural person members of Mason-Dixon Business Association, located in Delta, Pennsylvania, who qualify for membership in accordance with its bylaws in effect December 18, 1996; 5/6/99
42. Regular adult voting members of Havre de Grace Little League, Inc., located in Havre de Grace, Maryland, who qualify for membership in accordance with its bylaws in effect February 10, 1999; 5/6/99
43. Members of Advent Lutheran Church, located in Forest Hill, Maryland, who qualify for membership in accordance with its bylaws in effect December 8, 1997; 6/14/99
44. Active voting natural and non-natural person members of Greater Elkton Chamber of Commerce, Inc., located in Elkton, Maryland, who qualify for membership in accordance with its bylaws in effect June 11, 1999; 6/14/99
45. Employees of Greater Elkton Chamber of Commerce, Inc., who work in Elkton, Maryland; 6/14/99
46. Active members of Independence Memorial Post #11377 Veterans of Foreign Wars of the United States, Inc., located in Abingdon, Maryland, who qualify for membership in accordance with its bylaws in effect July 1999; 7/15/99
47. Employees of Bechtel Aberdeen who work in Bel Air, Maryland; 7/15/99
48. Employees of Elizabeth's Barber and Beauty who work in Wilmington, Delaware; 7/15/99
49. Members of Mt. Zion Baptist Church, located in Havre de Grace, Maryland, who qualify for membership in accordance with its bylaws in effect August 1999; 8/5/99
50. Employees of the following who work in the Maryland locations named: 8/5/99



Anderson's Automotive Repair, Elkton  
Harrison Repairs, North East

51. Employees of North Bay Medical Associates, P.A., who work in, or are paid from North East, Maryland; 8/13/99
52. Employees of Harford Renaissance Village who work in Bel Air, Maryland; 8/31/99
53. Members and employees of St. Paul's Evangelical Lutheran Church, located in Aberdeen, Maryland, who qualify for membership in accordance with its bylaws in effect September 1999; 9/29/99
54. Employees of Glasgow Medical Center, L.L.C. who work in Newark, Delaware; 10/22/99
55. Employees of the following who work in Forest Hill, Maryland: 10/22/99

H2Only, Inc.  
The Major Equipment Company, Inc.

56. Members of Fallston Manor Veterans of Foreign Wars, Post 749, located in Fallston, Maryland, who qualify for membership in accordance with its bylaws in effect March 8, 1984; 10/22/99
57. Voting Members of Northeastern Maryland Technology Council, located in Aberdeen, Maryland, who qualify for membership in accordance with its bylaws in effect October 1999; 10/22/99
58. Employees of Rite Aid Mid-Atlantic Customer Support Center who work in Perryman, Maryland; 11/19/99
59. Members of Chesapeake Covenant Church, d.b.a. Chesapeake Community Church, located in Joppa, Maryland, who qualify for membership in accordance with its Articles of Incorporation amended January 6, 1986; 12/22/99
60. Members of Immanuel Bible Church, located in Elkton, Maryland, who qualify for membership in accordance with its bylaws in effect December 1999; 12/22/99
61. Employees of the following who work in the Maryland locations named:

ServiceMaster Professional Building Maintenance, Baltimore 1/21/00  
Singer Auto Center, Abingdon 1/21/00  
Classic Woodworking, Elkton 1/21/00

62. Employees of Science Applications International Corporation (SAIC) who work in Abingdon, Maryland; 2/4/00
63. Employees of Bon Secours Baltimore Health System who work in Baltimore, Maryland; 3/30/00

64. The following has been added effective November 10, 1999 as a result of the merger of Liberty Medical Center Employees Federal Credit Union: 4/12/00

Employees, doctors, medical staff, and technicians, who work at the Liberty Medical Center, Inc., in Baltimore, Maryland; volunteers who work at the above hospital under supervision of the hospital staff; members of the auxiliary of the above hospital; medical employees of staff doctors of the above hospital;

Members of record of the Liberty Medical Center Employees Federal Credit Union as of the effective date of this merger;

65. Members in good-standing of the Weedon-Elliot Veterans of Foreign War Post 8126 in Havre de Grace, Maryland, who qualify for membership in accordance with its constitution and bylaws in effect as of May 2000; 5/9/00

66. Employees of Polymer Technologies Inc., who work in Newark, Delaware; 5/16/00

67. Employees of Reynolds Aluminum Supply Company who work in Newark, Delaware: 6/7/00

68. Active member of the Madonna AARP Chapter #883 in Jarrettsville, Maryland who qualify for membership in accordance with its Standing Rules in effect as of June 2000; 6/7/00

69. Employees of Livingston Healthcare Services, Inc., who work in or are paid from Newark, Delaware; 6/7/00

70. Employees of Fair, Isaac and Company, Inc., who work in Baltimore, Maryland, or Newark, Delaware; 8/21/00 added Delaware location 9/15/00

71. Employees of Alanx Wear Solutions, Inc., who work in Newark, Delaware; 8/21/00

72. Members of the Havre de Grace AARP Chapter #577, located in Havre de Grace, Maryland, who qualify for membership in accordance with its Article of Incorporation and Bylaws in effect July 7, 2000; 8/21/00

73. Employees of the following who work in the Maryland locations named: 09/08/00

John H. Harland Company, Baltimore  
Citrus and Allied Essences, Ltd., Belcamp

74. Active members of the AARP Chapter #4415 in Edgewood, Maryland who qualify for membership in accordance with its standing rules in effect September 2000; 9/8/00

75. Employees of the following who work in the Maryland locations named: 10/10/00

D.M. Stoltzfus & Son, Inc., Elk Mills  
The Arc Northern Chesapeake Region, Aberdeen

76. Employees of Caring Hands, Inc. who work in Aberdeen, Maryland; 11/6/00

77. Employees of the following who work in the Maryland locations named; 12/5/00

American Color Graphics, Inc., Belcamp  
Constar, Havre de Grace  
Konica Supplies Manufacturing U. S. A., Inc., Elkton  
Paramedical Personnel of Maryland, Bel Air

78. Employees of the following who work in the Maryland locations named that were added under SEP:  
(Added to FOM 12/26/00)

Waterchem, Aberdeen; 4/22/96  
Aberdeen Vet Clinic, Aberdeen; 4/22/96  
Concord Point Sales, Havre de Grace; 4/22/96  
Car Capital, Inc., Havre de Grace; 4/22/96  
Ronkin Construction, Baltimore; 9/23/96

79. Employees of the following who work in the Maryland locations named: 2/2/01

Builders First Source, North East  
Cytec Fiberite Inc., Havre de Grace  
International Technology Corporation, Edgewood

80. Employees of C & S Wholesale Grocers, Inc., who work in Aberdeen, Maryland; 3/13/01

81. Employees of the following who work in the Maryland locations named: 4/25/01

Cowan Systems LLC, North East  
Hart Heritage Estate, Street  
Nutramax Laboratories, Inc., Edgewood

82. Employees of the following who work in the Maryland locations named: 5/30/01

Kohl's Department Store Inc., Bel Air  
Master-Halco, Inc., Edgewood

83. Members of the First Presbyterian Church of Bel Air, Maryland **(except preschool staff and students – updated 8/22/01)**, who qualify for membership in accordance with its Corporation Record recorded November 9, 1939; 5/31/01

84. Employees of Highway Distribution Systems, Inc. who work in Abingdon, Maryland; 6/28/01

85. Employees of the following who work in the Maryland locations named: 7/31/01

Weber Distribution, Aberdeen  
Liqui-Box Corporation, Elkton  
The Plasticoid Company Inc., Elkton

86. Members of St. Francis de Sales', Abingdon, Roman Catholic Congregation, Inc., in Abingdon, Maryland, who qualify for membership in accordance with its bylaws in effect as of August 6, 2001, 8/6/01

87. Members of Bethel Lutheran Church in North East, Maryland, who qualify for membership in accordance with its bylaws as of September 11, 2001; 9/11/01

88. Employees of the following who work in the Maryland locations named: 9/11/01

Defense Contract Management Agency, Baltimore  
Steel Technologies, Inc., North East

89. Employees of Fleming Company who work in or are paid from North East, Maryland; 9/21/01

90. Employees of the following who work in the Maryland locations named: 9/21/01

USCO Logistics, Joppa  
Paramount Die Co., Inc., Belcamp

91. Employees of the following who work in the Maryland locations named: 10/31/01

Holman Contract Warehousing, Inc., Belcamp  
Brightview Assisted Living, Bel Air  
Telcobuy.com, Aberdeen

92. Members of the Geriatric Task Force in Bel Air, Maryland who qualify for membership in accordance with its bylaws in effect as of October 2001; 10/31/01

93. Employees of Lorien Nursing and Rehabilitation Center-Riverside who work in Belcamp, Maryland; 11/1/01

94. Employees of the following who work in the Maryland locations named: 12/03/01

The GAP Atlantic Distribution Center, Edgewood  
T. C. Simons, Fallston

Spouses of persons who died while within the field of membership of this credit union; employees of this credit union; persons retired as pensioners or annuitants from the above employment; members of their immediate families or household; and organizations comprised exclusively of persons in the above employment or service;

Maryland Materials, Inc. 3/18/99  
Cecil Dancenter 3/18/99  
Beta Shoe Company, Inc. 3/18/99  
Aberdeen Chamber of Commerce 3/18/99  
Havre de Grace Little League, Inc. 5/6/99  
Advent Lutheran Church 6/14/99  
Regal Decision Systems, Inc. 6/14/99  
Greater Elkton Chamber of Commerce, Inc. 6/14/99  
Fairview Builders, Inc. 6/14/99  
Bill Denny's Body Repair, t/a Bill Denny's Carstar Collision Repair 6/14/99  
Independence Memorial Post #11377 Veterans of Foreign Wars of the United States, Inc. 7/15/99  
Bechtel Aberdeen 7/15/99  
Elizabeth's Barber and Beauty 7/15/99  
Anderson's Automotive Repair 8/5/99  
Harrison Repairs 8/5/99  
North Bay Medical Associates 8/13/99  
Harford Renaissance Village 8/31/99  
St. Paul's Evangelical Lutheran Church 9/29/99  
Glasgow Medical Center 10/22/99  
H2Only, Inc. 10/22/99  
The Major Equipment Company, Inc. 10/22/99  
Fallston Manor Veterans of Foreign Wars, Post 749 10/22/99  
Northeastern Maryland Technology Council 10/22/99  
Rite Aid Mid-Atlantic Customer Support Center 11/19/99  
Chesapeake Covenant Church, d.b.a. Chesapeake Community Church 12/22/99  
Immanuel Bible Church 12/22/99  
John H. Harland Company 9/8/00  
Citrus and Allied Essences, Ltd 9/8/00  
AARP Chapter #4415 9/8/00  
D.M. Stoltzfus & Son, Inc. 10/10/00  
The Arc Northern Chesapeake Region 10/10/00  
Caring Hands, Inc. 11/06/00  
American Color Graphics, Inc. 12/5/00  
Constar 12/5/00  
Konica Supplies Manufacturing U. S. A., Inc. 12/5/00  
Paramedical Personnel of Maryland 12/5/00  
Builders First Source 2/2/01  
Cytec Fiberite, Inc. 2/2/01  
International Technology Corporation 2/2/01

C & S Wholesale Grocers, Inc. 3/13/01  
Cowan Systems LLC 4/25/01  
Hart Heritage Estate 4/25/01  
Nutramax Laboratories, Inc. 4/25/01  
Kohl's Department Store Inc. 5/30/01  
Master-Halco, Inc. 5/30/01  
First Presbyterian Church of Bel Air 5/31/01  
Highway Distribution Systems, Inc. 6/28/01  
Bethel Lutheran Church 9/11/01  
Defense Contract Management Agency 9/11/01  
Steel Technologies, Inc. 9/11/01  
Holman Contract Warehousing, Inc. 10/31/01  
Brightview Assisted Living 10/31/01  
Telcobuy.com 10/31/01  
Geriatric Task Force 10/31/01  
Lorien Nursing and Rehabilitation Center-Riverside 11/01/01  
The GAP Atlantic Distribution Center **12/03/01**  
T. C. Simons **12/03/01**

December 3, 2001

Date of Approval

Tawana Y. James  
Regional Director

ADC The Map People®

\$8.95

# Baltimore

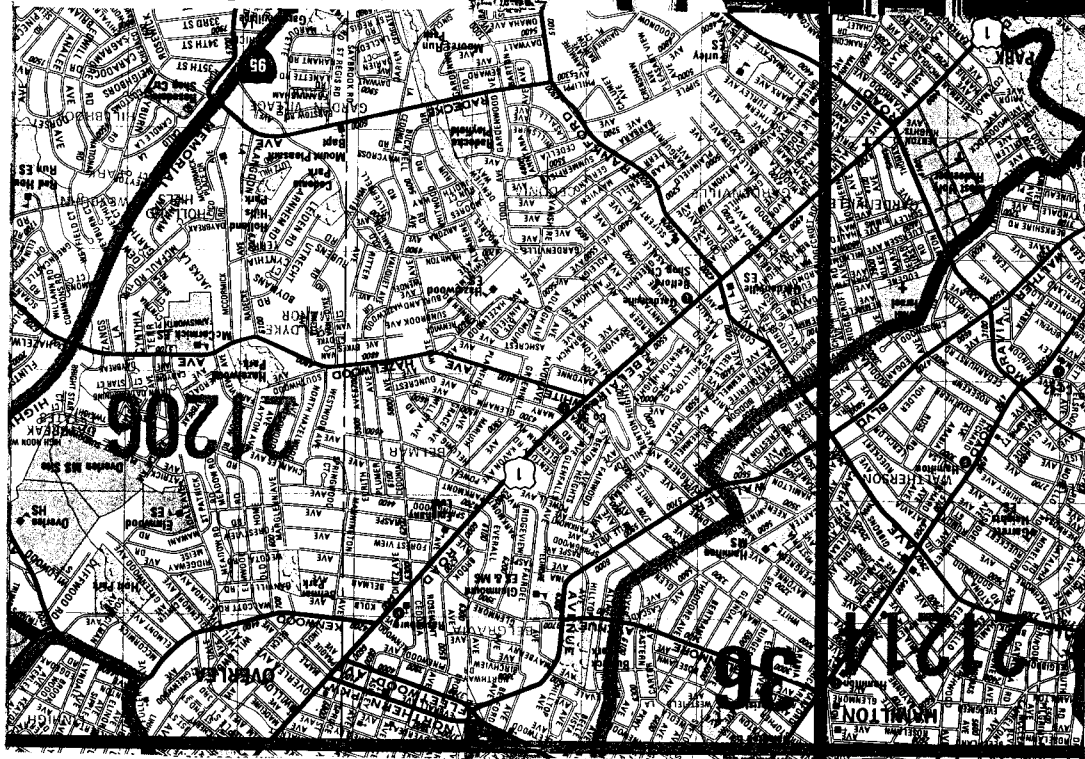
## City & County, MD

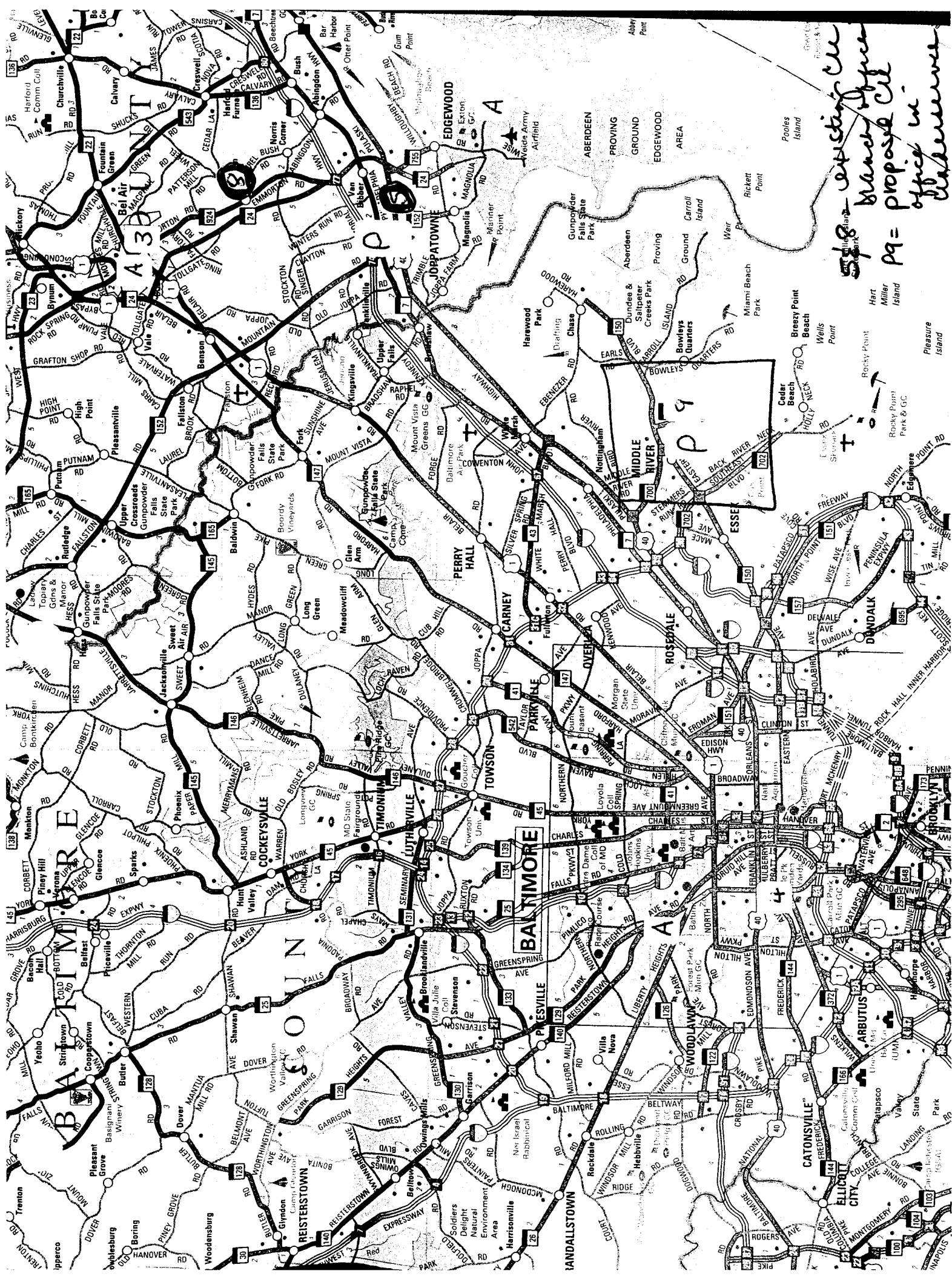
**NEW**

**52" x 63" Full-Color Map Includes:**

**Baltimore Beltway,  
Catonsville, Dundalk,  
Cockeysville, Essex,  
Halethorpe, Hereford,  
Owings Mills, Towson,  
Parkville, Rosedale,  
Randallstown, White  
Hall, Reisterstown,  
Timonium, Sparrows  
Point, White Marsh,**

**Area Map, MTA Map,  
Downtown Map,  
Indexed Streets,  
Block Numbers,  
Airports, ZIP Codes,  
Shopping Centers,**





548- existing C  
branch office  
P9= proposed C  
office in  
Pikesville




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**LOW FARES**  
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\$143 to Atlanta  
\$201 to Las Vegas  
\$152 to Orlando  
\$132 to Chicago  
\$302 to San Francisco



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**CAR RENTALS**  
in Baltimore



**GUIDE**  
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#### QUESTIONS?

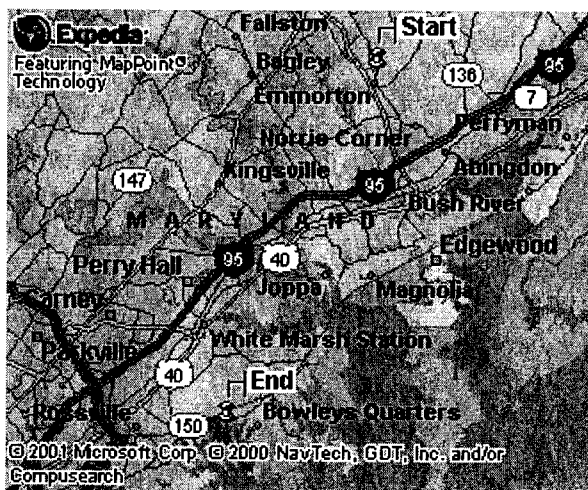

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## Search Results

**From:** 2113 Laurel Bush Rd, Bel Air, MD, 21015

**To:** Middle River, Maryland

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[E-mail this route](#)

[Hide label](#)

 km 0 10  
mi 0 5 10  
Small - 296x240

Directions	Distance	Time
<b>Start:</b> Depart 2113 Laurel Bush Rd, Bel Air, MD, 21015 on Local road(s) (South)	< 0.1	0:01
<b>1:</b> Turn <b>RIGHT</b> (West) onto Laurel Bush Rd	< 0.1	0:01
<b>2:</b> Continue (West) on Bel Air South Pky	0.3	0:01
<b>3:</b> Turn <b>LEFT</b> (South) onto SR-24	4.2	0:06
<b>4:</b> Bear <b>LEFT</b> (South-East) onto Local road(s)	< 0.1	< 1min
<b>5:</b> Bear <b>LEFT</b> (East) onto Local road(s)	0.1	< 1min
<b>6:</b> Bear <b>RIGHT</b> (South) onto Local road(s)	0.1	0:01
<b>7:</b> Bear <b>RIGHT</b> (West) onto US-40 [Pulaski Hwy]	8.3	0:10
<b>8:</b> Turn <b>LEFT</b> (South-East) onto Ebenezer Rd	2.6	0:04
<b>End:</b> Arrive Middle River, Maryland	< 0.1	< 1min
<b>Total Route</b>	<b>15.7 mi</b>	<b>24 mins</b>


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**HOTELS**  
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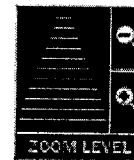
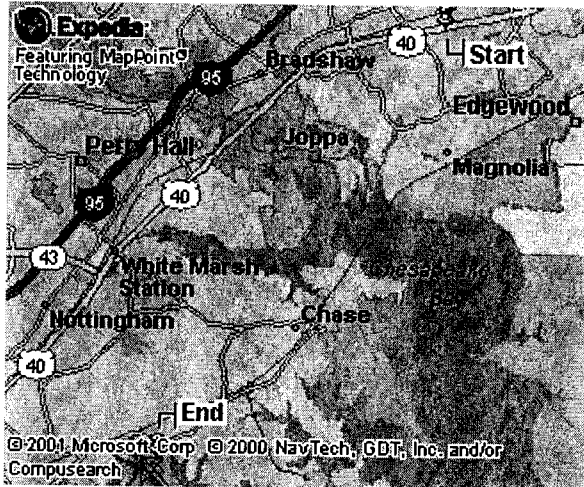
**CAR RENTALS**  
in Baltimore

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Travel Information


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## Search Results

**From:** 1011 Woodbridge Center Way, Edgewood, MD, 21040  
**To:** Middle River, Maryland

[Print this route](#) [Save this route](#) [E-mail this route](#)

[Hide label](#)

km 0 1 2 3 4 5  
mi 0 1 2 3 4 5  
Small - 296x240

Directions	Distance	Time
<b>Start:</b> Depart 1011 Woodbridge Center Way, Edgewood, MD, 21040 on <b>Woodbridge Center Way</b> (North)	0.1	0:01
<b>1:</b> Continue (North) on <b>Local road(s)</b>	< 0.1	0:01
<b>2:</b> Turn <b>LEFT</b> (West) onto <b>US-40 [Pulaski Hwy]</b>	6.7	0:08
<b>3:</b> Turn <b>LEFT</b> (South-East) onto <b>Ebenezer Rd</b>	2.6	0:05
<b>4:</b> Turn <b>RIGHT</b> (South-West) onto <b>Earls Rd</b>	1.5	0:03
<b>End:</b> Arrive Middle River, Maryland	< 0.1	< 1min
<b>Total Route</b>	<b>10.9 mi</b>	<b>17 mins</b>

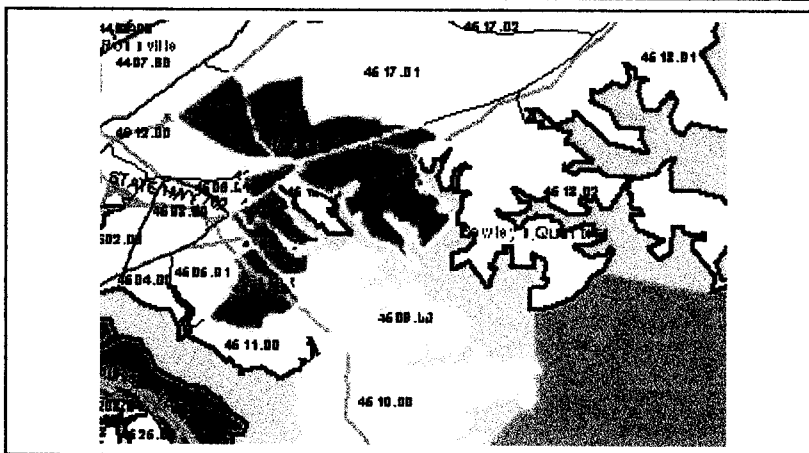
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## CDFI Fund Online Help Desk - CDFI Program

☒ Zoom In ☐ Zoom Out ☐ Pan ☐ Add ☐ Deselect



**Tract      County**

**Clear Selection**

## CDFI Test

Submit

✓ Qualified

**CDFI HOME**

----- Click here to find an easy way to select

### Step by step instructions

1. Select **ADD** button, click on the desired tract
2. Once you have selected the census tract(s), click on the **Send to Test** button.
3. If your area qualifies, press the **Submit** button
4. If your area does not qualify, you can change and click **Send to Test** again.

### Geographic Unit Meets CDFI Investment Area Criter.

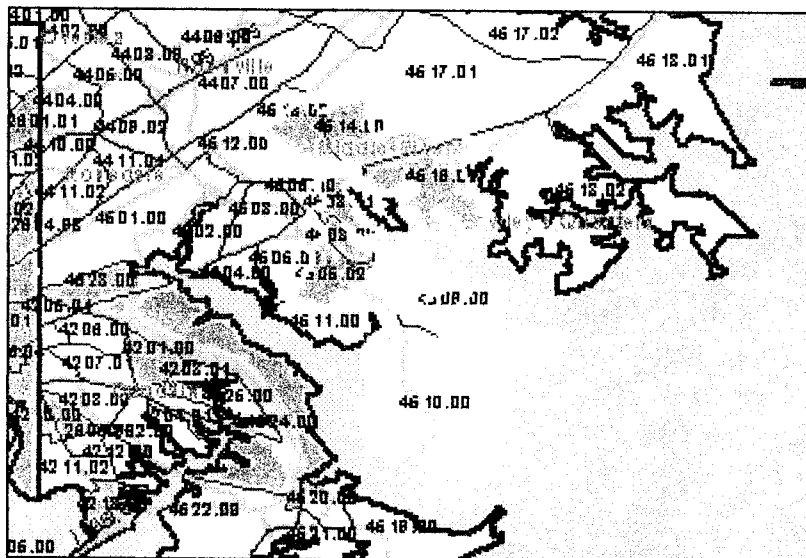
☐ Geographic Unit Does Not Meet CDFI Investment Ar



*Please refer to Federal Register at 12 CFR Part 1806 for the requirements to designate a Distressed Community/Investment Area.*

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Designed and Maintained by Metro Chicago Information Center.

**Program:** CDFI Program  
**Applicant Name:** APG FCU  
**Investment Area Name:** MIDDLE RIVER AREA CENSUS TRACTS  
**City/State:** BALTIMORE COUNTY MARYLAND

**TRACT**

-  Geographic Unit Meets CDFI Investment Area criteria.
-  Geographic Unit Does Not Meet CDFI Distressed Area Criteria.

Source: U.S. Bureau of the Census, 1990

## Investment Area Worksheet

Applicant Name: APG FCUInvestment Area Name: MIDDLE RIVER AREA CENSUS TRACTSCity/State: BALTIMORE COUNTY MARYLAND

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P	Column Q
Geographic Unit			Population	Poverty			Median Family Income			Unemployment			Distressed Housing			Popula Chan
State Code	Geographic Unit	Geog. Unit Code	Total Population	No. of Persons for whom Poverty Status is Determined	No. of Persons with Income Below Poverty	% Persons Below Poverty Level (1989)	MA or Non-MA Median Family Income (1989)	Geog. Unit Median Family Income (1989)	% Geog. Unit to MA or Non-MA Median Family Income	National Unempl. Rate %	Geog. Unit Unempl. Rate %	Geog. Unit to National Unempl. Rate %	Total Housing Units	Total Distressed Housing Units	% Distressed Housing	1980 to 1990
24	Tract	450502	11,059	11,001	1,300	12	\$42,206	\$29,157	69.08	6.3	7.31	1.16	4,541	0	0.00	n/a
24	Tract	450700	2,297	2,297	657	29	\$42,206	\$22,452	53.20	6.3	13.41	2.13	972	0	0.00	n/a
24	Tract	450801	1,258	1,258	460	37	\$42,206	\$15,179	35.96	6.3	15.96	2.53	655	0	0.00	n/a
24	Tract	450802	4,205	4,173	1,489	36	\$42,206	\$18,150	43.00	6.3	14.65	2.33	1,585	0	0.00	n/a
24	Tract	450900	3,812	3,812	110	3	\$42,206	\$43,659	103.44	6.3	4.81	0.76	1,373	0	0.00	n/a
24	Tract	451000	1,818	1,813	107	6	\$42,206	\$41,488	98.30	6.3	4.89	0.78	663	4	0.60	n/a
24	Tract	451300	3,556	3,439	460	13	\$42,206	\$26,538	62.88	6.3	6.53	1.04	1,436	0	0.00	n/a
24	Tract	451400	7,433	7,378	1,127	15	\$42,206	\$28,312	67.08	6.3	6.16	0.98	2,718	7	0.26	n/a
24	Tract	451600	2,466	2,460	340	14	\$42,206	\$32,545	77.11	6.3	5.66	0.90	1,106	0	0.00	n/a
	Total		37,904	37,631	6,050	16	\$42,206	\$29,157	69.08	6.3	7.76	1.23	15,049	11	0.07	n/a

Total Population of Geographic Units that do not meet the distress criteria (if any) 5,630Percent of Total Population in Geographic Units not meeting distress criteria 14.85%

***APGFCU***  
***Proposed Business Plan***

## ***APGFCU PROPOSED BUSINESS PLAN FOR IMPLEMENTING A COMMUNITY CHARTER IN THE HCCC AND MRA OF MARYLAND.***

### ***Plan Overview -***

The board of directors of APGFCU strongly believes the credit union needs to expand services to include the entire HCCC/MRA community for several reasons:

1. To offer all HCCC/MRA citizens access to low-cost loans, market competitive savings programs, and low/no cost related financial services.
2. To allow APGFCU to broaden its membership base and expand financial services, to maintain and build on its solid financial position, and to ensure its long-term viability.
3. To allow APGFCU to bring its many services to the underserved people in the MRA of Baltimore County. With over 20% of the population below the poverty level and family income levels well below state and national averages, there is a need for the products and services offered by APGFCU.

APGFCU recognizes the importance of providing easy access to our wide array of competitive member financial services for all of our potential members. We recognize the challenges associated in providing a sound level of service to the HCCC/MRA multi-county area (as we are requesting). We also recognize the negative impact that additional "brick and mortar" can have on the financial strength of any financial institution.

The board believes that with the use of the credit union's current facilities and proposed facilities, and available technology, it can deliver a highly satisfactory level of member service access to all potential HCCC/MRA members, with limited impact on APGFCU's financial position and strength. The following brief summary outlines our overall product delivery strategy:

## ***Member Service Delivery –***

APGFCU members in the HCCC/MRA will enjoy convenient, well-priced or free financial service access and benefits through numerous delivery avenues including:

1. **Service Facilities** – Ten full service branch offices with two additional member service branches within the next two years.
2. **ATMs** – 26 credit union owned ATMs conveniently located throughout the community along with nationwide funds access at thousands of other ATMs. Five additional credit union owned ATMs will be added during the next two years.
3. **Online Banking** – Convenient financial services via the Internet.
4. **APGFCU Web Site** – Offers numerous online services including loan applications.
5. **24/7 Automated Phone Services** – Our 24 hour automated teller service provides a wide array of basic account information services and functions via a toll free phone call.
6. **Indirect Lending** – APGFCU has an active indirect lending program with over 40 local car dealer locations for our members' convenience.

APGFCU is committed to continually evaluating, expanding and improving member service delivery methods.

## ***Current and Proposed Facilities –***

APGFCU currently has ten conveniently located member service facilities. If this conversion/addition request is granted, we plan to add two new member service facilities within two years – one in Cecil County and the other in the MRA.

APGFCU offers convenient ATM access at 26 credit union owned ATMs, along with access to funds via the major nation-wide ATM networks. We plan to add five additional credit union owned ATMs in 2002.

The costs associated with the proposed new branch facilities and ATMs have been factored into our financial projections.

Depending upon member growth, APGFCU will consider adding a new service facility and ATM in 2004.



## ***Current And Proposed Staffing -***

APGFCU is currently staffed with 181 full-time and 9 part-time employees. It is anticipated that we will need to hire 14 additional employees to adequately staff our two new proposed member service facilities. The cost impact of these additional positions has been factored into our budget projections.

### ***Member Savings Products:***

**Regular Share Savings**

**Money Market Shares**

**Share Draft Checking**

**Holiday Club Shares**

**Vacation Club Shares**

**Youth Savers Share Accounts**

- Moola Moola Program
- STARSS Money Management Youth Shares

**Certificate of Deposit Shares**

- Regular
- Youth Certificates
- PrimePartners Certificates

**Individual Retirement Accounts**

- Traditional
- Roth
- Educational
- Tiered

***Member Loan Products:***

- 1. Personal Loans**
- 2. New/Used Auto Loans**
- 3. Recreational Vehicle Loans**
- 4. Motorcycle Loans**
- 5. Lines of Credit**
- 6. "Lease Like" Auto Loans**
- 7. VISA® Credit Card – Classic and Gold**
- 8. Share Secured Loans**
- 9. Student Loans**
- 10. Agriculture Loans**
- 11. Real Estate Loans**
  - First Mortgages
  - Home Equity Loans
  - Construction Loans
  - Home Improvement Loans
  - Land/Unimproved Property Loans
  - FHA & VA Loans Home Loans
  - First Time Homebuyers Program
  - Mobile Home Loans

***Other Member Services:***

- 1. ATMs**
- 2. Personal Touch Service Terminals**
- 3. Overdraft Protection**
- 4. Direct Deposit**
- 5. 24 Hour Phone Loan Line**
- 6. Night Depository**
- 7. Online Mortgage Application**
- 8. FCU Interactive Website**
- 9. Member Kiosks**
- 10. Money Orders**
- 11. ATM Check Cashing**
- 12. Travelers Checks**
- 13. 24/7 "ABBY" Audio Response Member Telephone Access**
- 14. Financial Counseling**
- 15. Notary Service**
- 16. Safe Deposit Boxes**
- 17. Cashier Checks**
- 18. Signature Guarantee Program**
- 19. Online Banking**
- 20. Bill Payer**
- 21. CreditBuilder Program**
- 22. Extended Warranty/Insurance Programs**
- 23. Financial Planning**
- 24. Savings Bonds**

## ***Low Income Member Services -***

The existing and anticipated products and services offered to APGFCU members with limited financial resources and education are numerous, and we believe will have a significant impact for a large number of residents within the HCCC and MRA.

The following is a listing of some of these products and services:

### **Savings Products -**

- Regular savings accounts with no low-balance fee
- Free regular share draft accounts
- Low minimum Certificate programs
- Youth share accounts
- IRA small contribution accumulation accounts

### **Loan Products -**

- No consumer loan application fees
- First Time Home Buyer Program
- Personal Loans
- Used Auto Loans
- Mobile Home Loans – New
- Mobile Home Loans - Used
- Debt Consolidation Loans
- Education Loans
- No annual fee VISA® Classic card program
- Youth VISA® Program

### **Other Services -**

- Free 24-Hour Telephone Teller
- Free Automated Teller Machines (at credit union owned ATMs)
- Free direct deposit
- Free/Low-cost insurance programs
- Free night deposit boxes
- Low-cost money orders
- Free notary service
- Free payroll deductions
- Free APGFCU website usage
- Free Online Banking
- Free Bill Payer Service
- Free financial seminars
- Free member debt/credit counseling
- CreditBuilder Program

## ***Financial Impact of Growth Strategies -***

Growth assumptions for membership, shares, loans, capital and assets are as follows:

**Membership Growth Objectives and Assumptions** – Membership growth is conservatively estimated at 7.0% over the first two years.

**Share Growth Objectives** – Share growth is expected to average 6.5% over the first year, and 9.0% for year two. The majority of share growth, as a result of the charter change, is expected to be in regular shares and share draft accounts.

**Loan Growth Objectives** - APGFCU expects total loans to increase 11.5% over the first year, and 13.0% in year two. It is anticipated that the loan growth will be more heavily weighted towards unsecured and consumer type loans.

**We project that the charter conversion/addition and implementation of stated growth objectives and assumptions would result in the following (dollars in thousands):**

	Year 1	Year 2
Members	75,465	79,993
Shares	\$410,900	\$447,900
Loans	\$336,400	\$380,100
Assets	\$460,200	\$501,600
Net Capital	\$ 42,679	\$ 46,872
Net Income	\$ 3,679	\$ 4,151
Net Worth %	9.3%	9.3%
Loan/Shares	81.9%	84.9%

APGFCU strongly believes that any negative financial impact on the credit union due to the proposed conversion/addition will be minimal. The pro forma summary budget projections for the next two years support computations that show all key financial ratios will remain strong.

The APGFCU board of directors is committed to a policy of controlled growth and capital strength preservation. If share/asset growth becomes excessive or other adverse trends develop, the board is prepared to take prompt, effective action to deal with those negative trends and ensure that overall capital strength is not materially diminished.

**APGFCU**  
**STATEMENT OF FINANCIAL CONDITION**  
**PRO FORMA SUMMARY BUDGET PROJECTIONS**

<b>(IN 000's)</b>	<b>YEAR 1</b>	<b>YEAR 2</b>
<b>ASSETS -</b>		
LOANS	\$336,400	\$380,100
-ALL	(\$5,191)	(\$5,702)
NET LOANS	\$331,209	\$374,398
CASH	\$8,000	\$8,500
INVESTMENTS	\$88,700	\$84,300
OTHER ASSETS	\$32,291	\$34,402
<b>TOTAL ASSETS</b>	<b>\$460,200</b>	<b>\$501,600</b>
LIABILITIES	\$6,621	\$6,828
MEMBER SHARES	\$410,900	447,900
EQUITY	\$42,679	\$46,872
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$460,200</b>	<b>\$501,600</b>

**APGFCU**  
**STATEMENT OF INCOME AND EXPENSE**  
**PRO FORMA SUMMARY BUDGET PROJECTIONS**

<i>(IN 000's)</i>	<b>YEAR 1</b>	<b>YEAR 2</b>
<b>INCOME -</b>		
LOANS	\$27,139	\$30,630
INVESTMENTS	\$3,880	\$3,763
OTHER	\$6,165	\$6,905
<b>TOTAL INCOME</b>	<b>\$37,184</b>	<b>\$41,298</b>
<b>EXPENSE -</b>		
COMPENSATION	\$9,354	\$10,208
OTHER OPERATING	\$7,961	\$8,897
MARKETING	\$645	\$710
LOAN LOSS	\$3,598	\$3,377
<b>TOTAL EXPENSE</b>	<b>\$21,558</b>	<b>\$23,192</b>
<b>DIVIDENDS -</b>	<b>\$11,947</b>	<b>\$13,956</b>
<b>NET INCOME</b>	<b>\$3,679</b>	<b>\$4,150</b>

*avg assets*

*441,056*

*5/ 0.83%*

*180,900  
0.86*

***APGFCU***  
***Proposed Marketing Plan***



## ***Marketing Plan Overview -***

The conversion from multi-occupational to community charter brings special opportunities and responsibilities to the credit union. The marketing challenge lies in bringing the benefits of the "credit union way" to a broader audience while still honoring the important member relationships developed over our long history. These relationships cover not only our core sponsor, Aberdeen Proving Ground, but the many select employee groups that have been added to our field of membership over the years.

The marketing plan for APGFCU is designed to meet these two parallel objectives. We must be prepared to serve all constituencies within the new community by bringing the news and the advantages of "people helping people" to a wider population.

## ***Overall Marketing Objectives -***

- ✦ Establish a strong awareness of the strength and value of the credit union within the community through media advertising, public relations activities, community involvement programs and a variety of broad based marketing and promotional tactics.
- ✦ Increase membership in the credit union and strive for multiple product/service usage by promoting the benefits of our credit union throughout the new community. The new community charter status will allow us to sponsor activities within local neighborhoods and work collaboratively with community groups and neighborhood associations.
- ✦ As awareness increases, understand that a broader audience is often best served by identifying the various segments within that market and executing targeted campaigns that meet the financial needs of that particular group. Target marketing opportunities exist within certain demographic or psychographic populations groups such as youth, the underserved, seniors, empty nesters, new homebuyers, young families and many more. Of special value will be the expansion of our programs directed at students where the credit union this year will make over 150 formal presentations on money management, the benefits of thrift, and the wise use of credit.
- ✦ Maintain strong ties with our core sponsor and select groups. Develop and execute special programs to acknowledge their role in our growth. Ensure that all current members realize that their relationship with us continues to be valuable and respected. Continue to expand the financial education programs that we conduct for our core sponsor.
- ✦ Conduct controlled expansion into the new community. Make certain that the anticipated growth of membership and the use of our products and services maintain a balanced mix of share and loan business. Ensure that the credit union's operation moves at an efficient and effective pace by carefully monitoring the growth of membership and member activity. A balanced marketing approach is critical to achieving these objectives.

- ♣ Serve the underserved segments of our community with fairly priced services and products. Make certain that the credit union promotes outreach efforts that are aimed at improving the financial condition of this market segment. Such activities would include seminars, educational and informative collateral materials, and savings/loan programs designed to meet the unique needs of this membership group. Since April 2000, APGFCU has been offering a special Credit Builder program for those members finding it difficult to secure mainstream financing. Under this plan, borrowers pay a slightly higher rate of interest for the first year of their loan. The rate drops back to the regular amount after one year provided that the member has shown a clean record and made timely payments during the year.
- ♣ Continue the credit union's strong commitment to civic, trade and non-profit organizations. Volunteers and staff are active on scores of business, philanthropic, neighborhood, and charitable groups throughout our market. APGFCU has a highly visible profile as a community player. The work of our Community Involvement Committee is already having a positive impact on the lives of many citizens across our community. Elsewhere in this application package is a long listing of the community activities of the credit union, its volunteers and staff. This outreach effort will continue and even expand under a new community charter.
- ♣ Recently, the credit union was named winner of the prestigious Harford Award for 2001 recognizing APGFCU for our support and commitment to the Harford County community. This award was jointly presented by Harford County Government, the Harford County Chamber of Commerce, and the Harford Community College. One week later, we received special recognition of the credit union's outstanding leadership and continued support of the fine work of the Boys and Girls Clubs of Harford County.

## ***Marketing Tools, Capabilities and Channels -***

APGFCU is already serving members within the boundaries of the proposed new community charter. We have existing branches or electronic facilities in the area. Approval of this application will mean that our existing marketing messages can penetrate almost every home within the community instead of the small eligible percentage that we currently address. This means that our marketing and advertising efficiency will be immensely improved while the actual cost of producing and delivering the message can remain fairly stable. The credit union's effective penetration rates will be enhanced.

APGFCU uses a broad mix of marketing vehicles to promote the use of our products and services. Under the new community charter we would continue to use all these channels. Among the more critical communications avenues are:

- ❖ **Financial counseling.** As part of our member education and outreach marketing efforts, the credit union offers skilled financial counseling at no charge to our members. Special brochures, frequent newsletter articles and the website are all important avenues for promoting this valuable service. Our branch staff also recommends financial counseling when it is appropriate to help the member. Experienced counselors work with members to improve their money management skills, protect and use their credit wisely, and offer insights to better handling of the family's financial obligations.
- ❖ **Business development and outreach.** The credit union maintains active contacts with all its select groups working on open enrollments, seminars, and "partner" liaison activities. While a community charter precludes new select group acquisition, we will continue to pay special attention to this segment. Our business development staff keeps these members well informed about upcoming promotions or loan opportunities. This relationship also allows APGFCU to get important feedback on our efforts to reach out to the community and meet the financial health needs of our members.
- ❖ **Public relations.** Every month, the Marketing Department works with local and industry media outlets to promote the positive image of the credit union. Media releases will typically cover charitable activities, staff or institution recognition awards, member outreach successes, and new facilities. Additionally, the credit union will provide articles or expert input for local media that are covering financial topics or community education matters.
- ❖ **Promotional activities.** The APGFCU message will continue to be sent out with special promotion opportunities such as the Harford County Farm Fair and the Cecil County Fair. We attend and participate in a variety of trade shows, public and business expositions where we promote the benefits of the credit union way. We also sponsor recreational activities and community events all across our market with particular attention given to charitable fundraisers.

- ✦ **Internet.** The APGFCU website provides information and education to our members. As well as a source of details such as rates, locations, hours or products, the website provides online banking for our members and a bill paying service. Potential new members can find out about eligibility and current members can apply online for loans 24 hours a day, seven days a week. Members are finding this vehicle to be most helpful and its use is expanding every month. The website also provides a direct link to our online application process for first mortgages. The applicant can apply for the mortgage and then track the progress of the application at any time via the internet. Provision is also made for "chatting" with the mortgage loan processor for additional information or clarification.
- ✦ **Direct response.** Several times during the year we will promote our services through the targeted medium of direct response. Most often this will take the form of direct mail coupled with telephone follow-up whenever appropriate. This is especially useful when used in conjunction with our MCIF database which allows us to target the most likely prospects for a particular product or service. This Marketing Customer Information File (MCIF) will also measure response to these activities as well as scout and identify opportunities for us to more intelligently and effectively aim our marketing messages. The new community charter will lend itself well to direct response activities where whole neighborhoods can be effectively identified and reached. Lending products are especially well suited to this medium – VISA, home equity loans, auto loans, and personal bill consolidation loans.
- ✦ **Newsletters.** Every month, the credit union produces a four page informative and attractive newsletter for our members. The newsletter typically contains a balanced mix of financial news, consumer advice or education, news about the credit union, and the promotion of seasonal products and services. The newsletter is distributed to all branches and is inserted into every statement that goes out to the members. In addition, APGFCU produces three newsletters every quarter targeted to the youth members and to the senior members. Our youth programs are especially active with close to 17% of APGFCU's membership being under the age of 18.
- ✦ **Newspaper media.** We maintain an active presence each week in three newspapers serving our market: The Aegis (serving Harford County), the Whig (serving Cecil County), and the APG News (serving the military and civilian population at the Proving Ground). In addition, the credit union will place product specific or institutional advertising in a variety of newspaper/print issues that appear seasonally or to support special events. Under a community charter it now becomes more efficient to use local radio advertising as a medium. When used well, radio can prove to be an especially useful vehicle for corporate image and awareness messages.

- ♣ **Point-of-sale.** We will continue to be extremely active in point-of-sale marketing within the branches, at our remote ATM locations, with on-hold telephone messages, and through our website at [www.apgfcu.com](http://www.apgfcu.com). Depending on the nature of the outlet, we will support our member contact staff with promotional brochures, signage, topical promotional offers, special campaigns for intense short periods, and a variety of sales and member education aids. Additionally, we produce our Statement of Commitment publication for the members as well as a full Annual Report of the credit union's results and activities, and an attractive and informative custom-produced wall calendar for the members.
- ♣ **Marketeers Program.** Every branch and our member service center has a marketing representative called a Marketeer. The Marketeers meet on a frequent schedule and act as the liaison between the Marketing Department and the member contact staff. This ensures consistency of the marketing message, a two-way feedback between support and contact personnel, and a unique point of contact who carries responsibility for the marketing presence and awareness at his/her location.
- ♣ **Alternative investments.** The credit union offers our members a variety of non-banking products through Members Financial Services (MFS) operated by CUNA Mutual. Our marketing efforts are jointly developed and executed so that our members can have exposure to the opportunities available with annuities, mutual funds and other specialized products. We coordinate seminars and other publicity with MFS including a monthly feature article in every member newsletter.

## ***Marketing Plan Implementation -***

The following media schedule or calendar represents the credit union's marketing and advertising actions for the year. All other things being equal, there may not be a necessity to significantly change the topics or timing from year to year. The calendar can stand as a legitimate template for a typical year. However, taking this approach assumes some important considerations as follows:

1. The content and style of the marketing will be 100% flexible to allow for different interpretations and presentations of the product or service promoted. Themes change. Looks get stale. Messages become dated.
2. Economic or other market conditions may dictate a greater emphasis on one part of the business over another. For instance, the market situation may say a push on loans and an easing on attracting share dollars. The marketing calendar must be able to quickly adapt to such circumstances.
3. Special events can occur during any year requiring extra marketing attention. Examples would be a new branch opening, a new product or service launch such as online bill paying or a new cooperative ATM agreement, or a unique public relations opportunity such as a major sponsorship or affiliation with a community group. Once again, the calendar – and marketing budget - must be flexible enough to accommodate these situations.
4. The granting of a community charter would be one such event. At such a moment, the emphasis would be on institutional awareness rather than specific product promotion. The event would dictate not only the content of the message but the media mix. For example, with a broader audience radio becomes a more viable advertising alternative and newspaper efficiencies would be greatly enhanced.

Broadly defined in the listings below, **media** includes newspaper and broadcast elements; **other promotions** would include point-of-sale, direct response, website feature, special events etc.

## ***Monthly Marketing Calendar -***

### **January**

Newsletter: IRAs, thrift benefits for New Year, election ballots,  
Media: IRAs, institutional, bill consolidation  
Other Promotions: Mall winter expo, bill consolidation push  
Misc. Youth and Seniors newsletters

### **February**

Newsletter: IRAs (Roth vs. Regular), Mortgages, Bill Pay  
Media: IRAs, institutional, general loan awareness  
Other Promotions: Credit Union for Kids,

### **March**

Newsletter: Home improvements, retirement planning, youth programs  
Media: Home Equity loans, IRAs  
Other Promotions: Annual Report, VISA tax checks, local realtors

### **April**

Newsletter: Auto loans, mortgages, personal security tips, seniors highlights  
Media: Auto loans, institutional  
Other Promotions: Annual Meeting  
Misc. Youth and Seniors newsletters, Harford County Chamber expo

### **May**

Newsletter: Vacation planning, Members Financial Services feature, auto loans  
Media: Home Equity loans, Auto loans  
Other Promotions: Military Appreciation Week, VISA credit increases

### **June**

Newsletter: Tent Sale, mortgages, Financial Counseling feature,  
Media: Tent Sale ads, institutional, graduation issues  
Other Promotions: Auto tent sale

### **July**

Newsletter: Website feature, online banking/bill pay, college financing, direct deposit  
Media: Refinancing opportunities, institutional  
Other Promotions: Refinancing, Harford/Cecil County Fairs  
Misc. Youth and Seniors newsletters

### **August**

Newsletter: Plastic – debit vs. credit, summer survival, back to school preparation  
Media: Home Equity Loans, auto loans, institutional  
Other Promotions: vacation/home improvement funding, VISA balance transfers



**September**

Newsletter: Indirect lending, focus on youth/seniors, electronic services highlight

Media: Personal loans, institutional

Other Promotions: indirect lending, Military Retiree Day

**October**

Newsletter: Board Elections, checking/savings/certificate focus,

Media: Institutional, year-end auto loans, Co-operative Maryland C.U. Ad

Other Promotions: Harford County Chamber expo, Member Appreciation Day, year-end auto loans

Misc. Youth and Seniors newsletters,

**November**

Newsletter: Home Equity Lines, VISA advantages

Media: VISA, institutional, bill consolidation

Other Promotions: Member Calendar distribution, VISA "holiday rewards", Harford Futures Fair

**December**

Newsletter: VISA, IRA Preparations, charitable giving, Financial Counseling

Media: Holiday loans, Holiday Greetings/Thank You

Other Promotions: Holiday loans, holiday outreach to community

Year two marketing strategy/plan may be revised, as necessary, after reviewing the results of the first six months of year one marketing efforts/results.

## ***Projected Marketing Budget -***

The budget set aside for the upcoming year 2002 is \$645,000. This will cover expenses for all marketing, promotional, research, and public relations activities for the credit union.

As discussed earlier in this outline, the conversion to community charter does not necessarily mean a large increase in the marketing budget. APGFCU already holds a strong marketing presence within the new community market. The switch to community status is most significant in the increased effectiveness and penetration of each marketing dollar expensed. It means that every reader/viewer/listener to our marketing messages is a potential new member for the credit union. Market penetration levels will potentially be very high and the new community charter will serve to dramatically reduce the unit (per thousand) cost of reaching our audience. We anticipate a marketing budget of \$710,000 for the year 2003.

TYPE	YEAR	
	1	2
PRINT MEDIA	\$ 75,965	\$ 83,561
PRINT PRODUCTION	\$ 1,500	\$ 1,650
COMMUNITY ADVERTISING	\$ 33,270	\$ 36,597
BROADCAST MEDIA	\$ 19,500	\$ 21,450
NEWSLETTERS	\$ 67,040	\$ 73,744
PROMOTIONAL EXPENSE	\$227,190	\$250,409
BUSINESS DEVELOPMENT	\$ 37,860	\$ 41,646
BROCHURES	\$ 31,300	\$ 34,430
BRANCH MERCHANDISING	\$ 4,500	\$ 4,950
PRIMEPARTNERS CLUB	\$ 8,590	\$ 9,449
APGFCU SHIRTS	\$ 1,200	\$ 1,320
FAIRS & EXPOS	\$ 19,475	\$ 21,423
SPECIALTIES	\$ 31,610	\$ 34,771
MARKET RESEARCH	\$ 36,000	\$ 39,600
COMMUNITY DONATIONS	\$ 50,000	\$ 55,000
TOTAL	\$645,000	\$710,000

## ***Overall Request Conclusion***

## ***Overall Request Conclusion -***

APGFCU strongly believes that the long-term financial impact of this community conversion/addition will be very positive for both the citizens of the HCCC/MRA and the credit union.

We are committed to accomplishing our goal of serving the entire community in a conservative and consistent manner - building upon our strong financial base and our commitment to excellent member service.

We will continue to develop and refine services that will be available to all members through a variety of delivery channels.

We believe that our planning and financial projections, along with our performance over the past several years confirms that we have the human and financial resources to build a credit union that will be able to effectively serve the HCCC/MRA community well into the future.

We look forward to this exciting challenge and opportunity.

Aberdeen Proving Ground Federal Credit Union  
**Statement of Financial Condition**  
As of October 31, 2001

	October 31, 2001	October 31, 2000
<b>ASSETS</b>		
Loans	\$289,167,299.81	\$267,647,642.38
Collateral Acquired	493,471.26	338,577.59
<b>TOTAL LOANS</b>	<b>\$289,660,771.07</b>	<b>\$267,986,219.97</b>
<b>LESS ALLOW FOR LOAN LOSSES</b>	<b>4,735,000.00</b>	<b>4,344,625.00</b>
<b>NET LOANS</b>	<b>\$284,925,771.07</b>	<b>\$263,641,594.97</b>
<b>LOANS HELD FOR SALE</b>	<b>\$348,500.00</b>	<b>\$223,155.00</b>
<b>CASH ON HAND &amp; IN BANKS</b>	<b>\$7,667,892.72</b>	<b>\$5,614,665.97</b>
<b>INVESTMENTS</b>		
US Govt Oblig Available For Sale At Fair Value	\$0.00	\$0.00
FED Agency Sec Held To Maturity At Amort Cost	22,655,793.08	10,299,071.45
FED Agency Sec Available For Sale At Fair Value	56,198,435.58	52,448,499.39
<b>TOTAL US GOVT &amp; FED AGENCY</b>	<b>\$78,854,228.66</b>	<b>\$62,747,570.84</b>
Mid-Atlantic Corporate	\$1,826.62	\$1,766.23
Central Liquidity Fund	900,347.00	854,537.00
Investments In Financial Institutions	0.00	150,000.00
FED Funds/Overnight Deposits	26,101,404.50	23,179,346.12
Investment in Encore CUSO	500.00	500.00
<b>TOTAL INVESTMENTS</b>	<b>\$105,858,306.78</b>	<b>\$86,933,720.19</b>
<b>NCUSIF DEPOSIT</b>	<b>\$3,685,106.58</b>	<b>\$3,279,782.21</b>
<b>ACCRUED INCOME</b>		
Accrued Interest On Loans	\$1,030,675.29	\$965,652.68
Accrued Interest On Investmnts	1,180,763.64	854,898.21
<b>TOTAL ACCRUED INCOME</b>	<b>\$2,211,438.93</b>	<b>\$1,820,550.89</b>
<b>PREPAID &amp; DEFERRED EXPENSE</b>	<b>\$675,614.53</b>	<b>\$639,151.20</b>
<b>FIXED ASSETS</b>		
Land	\$3,189,773.31	\$3,189,773.31
Building	5,533,873.16	5,418,306.24
Leasehold Improvements	1,409,716.51	1,396,871.52
Furniture & Equipment	9,309,704.78	8,210,995.09
Down Payment on Assets	2,819,771.83	45,062.99
<b>TOTAL FIXED ASSETS</b>	<b>\$22,262,839.59</b>	<b>\$18,261,009.15</b>
<b>LESS ACCUM DEPREC &amp; AMORT</b>	<b>9,726,502.99</b>	<b>8,750,424.76</b>
<b>NET FIXED ASSETS</b>	<b>\$12,536,336.60</b>	<b>\$9,510,584.39</b>
<b>OTHER RECEIVABLES</b>	<b>1,353,015.73</b>	<b>666,359.50</b>
<b>OTHER ASSETS</b>	<b>63,000.00</b>	<b>13,000.00</b>
<b>TOTAL ASSETS</b>	<b>\$419,324,982.94</b>	<b>\$372,342,564.32</b>

Aberdeen Proving Ground Federal Credit Union  
**Statement Of Financial Condition**  
As of October 31, 2001

	October 31, 2001	October 31, 2000
<b>LIABILITIES, SHARES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$954,612.48	\$1,266,266.59
Undistributed P/R Deduction	33,099.05	, 0.00
Taxes Payable	34,855.96	87,697.05
Accrued Dividends Payable	1,078,371.76	1,137,563.76
Other Accrued Expenses	1,337,157.96	1,186,117.87
Deferred Income	278,153.64	303,604.54
Other Liabilities	153,113.97	122,796.01
<b>TOTAL LIABILITIES</b>	<b>\$3,869,364.82</b>	<b>\$4,104,045.82</b>
<b>SHARES OF MEMBERS</b>		
Share Draft Accounts	\$46,469,890.15	\$42,533,404.89
Regular Share Accounts	138,895,738.65	124,162,726.66
Money Market Share Accounts	32,894,954.99	31,010,935.47
IRA Money Market Accounts	4,369,076.94	4,248,000.37
IRA Term Accounts	34,901,183.98	30,594,391.80
Other Term Accounts	117,667,823.76	100,699,682.30
<b>TOTAL SHARES OF MEMBERS</b>	<b>\$375,198,668.47</b>	<b>\$333,249,141.49</b>
<b>EQUITY</b>		
Regular Reserve	\$5,856,919.95	\$5,606,562.63
Appr. Undiv. Earnings	\$29,979,319.26	\$27,391,420.30
Unappr. Undiv. Earnings	2,375,132.87	2,194,857.13
Accumulated Unrealized Gains & Losses On Available For Sale Securities	2,045,577.57	(203,463.05)
<b>TOTAL EQUITY</b>	<b>\$40,256,949.65</b>	<b>\$34,989,377.01</b>
<b>TOTAL LIAB, SHARES &amp; EQUITY</b>	<b>\$419,324,982.94</b>	<b>\$372,342,564.32</b>

We certify, to the best of our knowledge and belief, this statement and the related statements are true and correct and present fairly the financial position and the results of operations for the period covered.

Charles N. Alston, Sr.  
Treasurer, Board of Directors

William A. Schultheis, Jr.  
Senior Vice President - Finance

Aberdeen Proving Ground Federal Credit Union  
**Statement of Income**  
Period Ended October 31, 2001

	Month to Date	Year to Date	Plan	Variance YTD - Plan
<b>INTEREST INCOME</b>				
Interest on Loans to Members	\$2,093,301.45	\$20,537,138.75	\$21,317,498.00	(\$780,359.25)
Interest on Loans for Sale	3,509.55	11,476.23	0.00	11,476.23
Interest on Investments:				
Securities	354,447.77	3,589,209.31	3,097,383.00	491,826.31
Cash Deposits	71,063.59	1,116,100.08	1,214,065.00	(97,964.92)
<b>TOTAL INTEREST INCOME</b>	<b>\$2,522,322.36</b>	<b>\$25,253,924.37</b>	<b>\$25,628,946.00</b>	<b>(\$375,021.63)</b>
<b>INTEREST EXPENSE AND DIVIDENDS:</b>				
Dividends on Member Shares	1,111,202.01	11,978,762.65	12,204,487.00	(225,724.35)
Interest on Borrowed Funds	0.00	34.52	0.00	34.52
<b>TOTAL INTEREST EXPENSE AND DIVIDENDS</b>	<b>\$1,111,202.01</b>	<b>\$11,978,797.17</b>	<b>\$12,204,487.00</b>	<b>(\$225,689.83)</b>
<b>NET INTEREST INCOME</b>	<b>\$1,411,120.35</b>	<b>\$13,275,127.20</b>	<b>\$13,424,459.00</b>	<b>(\$149,331.80)</b>
<b>PROVISION FOR LOAN LOSSES</b>	233,070.91	2,296,583.65	1,980,000.00	316,583.65
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$1,178,049.44</b>	<b>\$10,978,543.55</b>	<b>\$11,444,459.00</b>	<b>(\$465,915.45)</b>
<b>OPERATING EXPENSES</b>	\$1,424,364.71	\$12,976,491.02	\$13,217,280.00	(\$240,788.98)
<b>OTHER OPERATING INCOME</b>	\$450,019.24	\$4,339,473.33	\$4,492,429.00	(\$152,955.67)
<b>NON OPERATING INCOME (LOSS)</b>	(8,719.97)	33,507.01	0.00	33,507.01
<b>NET INCOME</b>	<b>\$194,984.00</b>	<b>\$2,375,032.87</b>	<b>\$2,719,608.00</b>	<b>(\$344,575.13)</b>

Aberdeen Proving Ground Federal Credit Union

# Operating Expense/Other Operating Income Detail

Period Ended October 31, 2001

	Month to Date	Year to Date	Plan	Variance YTD to Plan
<b>OPERATING EXPENSES</b>				
Compensation	\$599,177.26	\$5,393,333.84	\$5,438,279.00	(\$44,945.16)
Employee Taxes & Benefits	163,376.98	1,589,100.92	1,594,195.00	(5,094.08)
Travel & Conference Expense	13,662.59	145,957.09	207,667.00	(61,709.91)
Dues & Subscriptions	7,418.85	73,680.29	76,584.00	(2,903.71)
Office Occupancy Expense	61,818.13	646,613.86	661,521.00	(14,907.14)
Office Operations Expense	279,536.11	2,458,973.67	2,433,301.00	25,672.67
Promotional Expense	39,416.77	367,658.29	453,144.00	(85,485.71)
Loan Servicing Expense	58,635.38	876,054.91	952,187.00	(76,132.09)
Professional Services	121,080.21	1,111,461.34	1,174,038.00	(62,576.66)
Members' Insurance	5,300.00	71,400.00	52,993.00	18,407.00
NCUA Operating Fee	7,220.09	72,020.90	74,691.00	(2,670.10)
Cash Over & Short	710.03	12,123.28	10,457.00	1,666.28
ATM Over & Short	(1,187.00)	(882.00)	0.00	(882.00)
Annual Meeting Expense	0.00	34,497.25	37,346.00	(2,848.75)
Misc. Operating Expense	68,199.31	124,497.38	50,877.00	73,620.38
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,424,364.71</b>	<b>\$12,976,491.02</b>	<b>\$13,217,280.00</b>	<b>(\$240,788.98)</b>
<b>OTHER OPERATING INCOME</b>				
<b>MEMBER PAID INCOME</b>				
Mortgage Origination Fees	\$23,470.22	\$158,453.06	\$217,501.00	(\$59,047.94)
Overdraft Charges	137,645.88	1,114,847.37	1,018,740.00	96,107.37
ATM Charges	51,551.50	494,504.73	584,689.00	(90,184.27)
Late Charges On Loans	44,917.38	385,928.92	301,855.00	84,073.92
Other Member Paid Income	33,993.74	355,360.13	396,836.00	(41,475.87)
<b>TOTAL MEMBER PAID INCOME</b>	<b>\$291,578.72</b>	<b>\$2,509,094.21</b>	<b>\$2,519,621.00</b>	<b>(\$10,526.79)</b>
<b>NET OPERATING EXPENSE</b>	<b>\$1,132,785.99</b>	<b>\$10,467,396.81</b>	<b>\$10,697,659.00</b>	<b>(\$230,262.19)</b>
<b>NON MEMBER PAID INCOME</b>				
VISA Interchange Income	\$112,327.09	\$1,225,927.11	\$1,335,605.00	(\$109,677.89)
Credit Life/Disability Insurance	19,562.02	204,880.09	210,885.00	(6,004.91)
Surcharges	14,488.50	137,981.50	165,400.00	(27,418.50)
Other Non-Member Paid Income	12,062.91	261,590.42	260,918.00	672.42
<b>TOTAL NON MEMBER PAID INCOME</b>	<b>\$158,440.52</b>	<b>\$1,830,379.12</b>	<b>\$1,972,808.00</b>	<b>(\$142,428.88)</b>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>\$450,019.24</b>	<b>\$4,339,473.33</b>	<b>\$4,492,429.00</b>	<b>(\$152,955.67)</b>



Aberdeen Proving Ground Federal Credit Union  
**Asset & Loan Statistical Reports**  
 Period Ended October 31, 2001

New Members			OPENED			CLOSED			NET		
Total Members:	75,558		DOD	SEG	Total	DOD	SEG	Total	DOD	SEG	Total
Total Accounts:	119,140										
Potential Members:	101,500										
Aberdeen			77	47	124	28	7	35	49	40	89
APG			82	21	103	44	2	46	38	19	57
Bel Air			19	24	43	23	4	27	21	20	41
Elkton			27	44	71	11	15	26	16	29	45
Hayre de Grace			4	12	16	3	0	3	1	12	13
Laurel Bush			25	36	61	16	13	29	9	23	32
Bon Secours			0	7	7	0	5	5	0	2	2
Woodbridge Loan Center			8	10	18	0	1	1	8	9	17
<b>Total New Members:</b>			<b>242</b>	<b>201</b>	<b>443</b>	<b>125</b>	<b>47</b>	<b>172</b>	<b>117</b>	<b>154</b>	<b>271</b>

Loans		Number	Amount
TOTAL LOANS OUTSTANDING		36,514	289660771.1
TOTAL LOANS SINCE ORGANIZATION		26,472,968	\$2,372,757,175.15
LOANS MADE DURING 2001			
Line of Credit Loans		784,867	71299898.06
Non-Line of Credit Loans		7,042	84,879,365.37
<b>Total Loans in 2001</b>		<b>791,909</b>	<b>\$156,179,263.43</b>
LOANS MADE THIS MONTH			
Line of Credit Loans		88,945	8691911.16
Non-Line of Credit Loans		612	9,166,574.82
<b>Total Loans Made This Month</b>		<b>89,557</b>	<b>\$17,858,485.98</b>
<b>Total Principal Paid</b>			<b>15,997,573.23</b>
<b>Net loans made this month</b>			<b>\$1,860,912.75</b>
Applications Reviewed:	1,515		
Approved:	943		
Disapproved:	572		
Disapproval Rate:	38%		
Overrides to CG system:	0		
CREDIT APPEALS ACTIVITY			
Approved:	5		
Disapproved:	3		
No Shows:	0		
<b>Total</b>	<b>8</b>		
CLASSIFICATION OF LOANS OUTSTANDING:			
Degree of delinquency:			
a. Current	35,278		\$283,482,198.62
b. 30 - 59 days	640		3,509,856.32
c. 2 to less than 6 months	381		1,580,579.96
d. 6 to less than 12 months	192		916,429.12
e. 12 months and over	23		171,707.05
<b>Total Loans Outstanding</b>		<b>36,514</b>	<b>\$289,660,771.07</b>
DELINQUENT LOANS	C.D.E. Ratio 0.92%	596	\$2,668,716.13
CHARGE-OFFS AND RECOVERIES			
Loans charged-off:	This Month: \$223,803.45	YTD: \$2,290,266.52	Since Organization: \$29,215,113.84
Principal recoveries:	(35,732.54)	(293,682.87)	(3,773,689.44)
<b>NET CHARGE-OFFS</b>	<b>\$188,070.91</b>	<b>\$1,996,583.65</b>	<b>\$25,441,424.40</b>

ALLOWANCE FOR LOAN LOSSES (EXTERNAL AUDITORS METHODOLOGY)

ESTIMATED AS OF 31-Dec-01 Nov-01

PERSONAL LOANS - SECURED				PERSONAL LOANS - SECURED			
YEAR V/E BALANCE				ESTIMATED HALF YEAR LIFE (YRS)			
2001	126,310,000	578,821	0.50%			1.5	
2000	115,008,095	402,338	0.42%	PROJECTED FUTURE LOSSES			
1999	96,154,393	518,053	0.54%	0.7% 5 YEAR AVERAGE	1,082,224	0.57%	
1998	96,440,723	781,064	0.63%	3 YEAR AVERAGE	923,424	0.49%	
1997	101,656,361	609,341		CURRENT YEAR LOSSES	853,554	0.50%	
1996	96,623,894	219,108		PROJECTED - 3 YR TREND		0.00%	
1995	103,221,025						
PERSONAL LOANS - UNSECURED				PERSONAL LOANS - UNSECURED			
YEAR V/E BALANCE				ESTIMATED HALF YEAR LIFE (YRS)			
2001	31,725,000	848,848	2.87%			1	
2000	29,605,763	420,099	1.58%	PROJECTED FUTURE LOSSES			
1999	28,511,282	763,375	2.89%	4.81% 5 YEAR AVERAGE	1,091,732	3.44%	
1998	25,642,376	1,598,533	4.24%	3 YEAR AVERAGE	786,522	2.87%	
1997	33,236,223	1,727,484		CURRENT YEAR LOSSES	909,396	2.87%	
1996	40,705,739	423,541		PROJECTED - 3 YR TREND		0.00%	
1995	35,873,514	0					
VISA				VISA			
YEAR V/E BALANCE				ESTIMATED HALF YEAR LIFE (YRS)			
2001	51,500,000	1,289,361	2.80%			1	
2000	48,981,399	725,967	1.64%	PROJECTED FUTURE LOSSES			
1999	44,228,968	1,020,060	2.37%	3.28% 5 YEAR AVERAGE	1,305,924	2.54%	
1998	43,020,576	1,487,251	2.76%	3 YEAR AVERAGE	1,140,759	2.22%	
1997	45,345,712	1,219,034		CURRENT YEAR LOSSES	1,337,362	2.60%	
1996	44,161,536	216,507		PROJECTED - 3 YR TREND		0.00%	
1995	32,863,136						
REAL ESTATE				REAL ESTATE			
YEAR V/E BALANCE				ESTIMATED HALF YEAR LIFE (YRS)			
2001	87,250,000	42,867				2.5	
2000	80,879,146	61,833		PROJECTED FUTURE LOSSES			
1999	73,080,722	70,834		5 YEAR AVERAGE	223,787	0.10%	
1998	67,796,613	24,829		3 YEAR AVERAGE	172,706	0.08%	
1997	64,878,851	149,354		CURRENT YEAR LOSSES	115,608	0.05%	
1996	54,292,549			PROJECTED - 3 YR TREND		0.00%	
1995	55,217,493						

# SUMMARY BY LOAN TYPE

TYPE	MINIMUM	MAXIMUM	5 YR AVG	3 YR AVG	CURRENT	PROJECTED
PERSONAL-SECURED	923,424	1,082,224	1,082,224	923,424	963,554	NA
PERSONAL-UNSECURED	786,522	1,091,732	1,091,732	786,522	809,386	NA
VISA	1,140,759	1,337,362	1,305,924	1,140,759	1,337,362	NA
REAL ESTATE	115,608	223,787	223,787	172,709	115,608	NA
TOTAL	2,983,313	3,735,104	3,703,668	3,025,411	3,315,920	0

## PROJECTED YEAR END BALANCE FOR ALLOWANCE FOR LOAN LOSSES

ALLOWANCE OVER/UNDER) 1,089,895

## ALLOWANCE FOR LOAN LOSSES (NCUA METHODOLOGY)

HISTORY OF NET CHARGE-OFF RATIO	CHRG-OFFS	RECOVERIES	NET CHRG-OFFS	TOTAL LOANS	AVG LOANS	LOAN LOSS RATIO
YEAR						
1984	232,770	24,812	207,958	64,569,770	62,118,266	0.33%
1985	356,248	56,707	301,541	69,187,561	66,878,666	0.45%
1986	400,806	60,251	340,555	87,956,549	78,573,055	0.43%
1987	386,145	81,667	304,478	112,412,101	100,185,325	0.30%
1988	685,881	74,125	611,756	125,076,431	118,744,266	0.52%
1989	928,486	108,802	819,684	134,570,089	129,823,260	0.63%
1990	954,111	125,734	828,377	141,125,920	137,848,005	0.60%
1991	1,156,907	162,787	974,120	155,930,447	148,528,184	0.68%
1992	1,134,232	275,075	859,157	177,534,873	166,742,660	0.52%
1993	1,676,876	273,140	1,403,736	207,703,648	192,629,261	0.73%
1994	1,187,688	237,770	949,918	227,366,898	217,535,273	0.44%
1995	1,626,809	262,031	1,364,778	236,757,918	232,062,408	0.59%
1996	3,926,275	223,083	3,703,192	246,846,419	241,302,189	1.54%
1997	4,215,426	323,749	3,891,677	232,860,288	236,407,777	1.63%
1998	2,786,356	417,035	2,372,321	239,955,265	236,407,777	1.00%
1999	1,945,237	335,000	1,610,237	274,374,363	257,164,814	0.63%
2000	3,099,898	380,000	2,719,898	296,785,000	285,579,682	0.96%
5 YEAR AVG LOAN LOSS RATIO-CURRENT YEAR			2,863,825		251,961,559	1.1366%
5 YEAR AVG LOAN LOSS RATIO-PRIOR YEAR			2,588,841		241,258,104	1.0731%

## NCUA ESTIMATED LOAN LOSS ALLOWANCE EVALUATION

TOTAL LOANS	296,785,000	INDIVIDUAL/SIMPLIFIED LOAN CLASSIFICATION:	1,046,789
CLASSIFIED LOANS	2,997,850	Estimated Change-off Delinquent Loans	161,816
NON-CLASSIFIED LOANS	293,817,150	Estimated Change-off Collateral in Process of Lq.	113,453
		Estimated Change-off Deficiency Balances	151,145
		Estimated Change-off Bankruptcies	1,475,183
		Total	1,483,925
HISTORICAL REQUIREMENT			
INDIVIDUAL/SIMPLIFIED LOAN CLASSIFICATION			
TOTAL ALLOWANCE REQUIRED	4,823,486		
CURRENT ALLOWANCE FOR YEAR END	4,823,000		
ALLOWANCE OVER/UNDER) FUNDED PER NCUA	1,514	50% of Delinquent loans @ 1.00% of Total Loans	

12/14	Consolidated Balance Sheet		Page 12	
	For Charter: ABERDEEN	LIVING GROUND -- 2540		
	September 2000	December 2000	March 2001	June 2001
Ratio Description				September 2001
Capital Adequacy:				
NetWorth/Total Assets	9.29	9.27	9.03	8.92
Total Delinquent Loans/NetWorth	5.65	7.07	6.73	6.71
Solvency Evaluation (Estimated)	110.34	110.47	110.32	110.12
Classified Assets (Est)/NetWorth	12.34	12.38	12.34	12.31
Asset Quality:				
Delinquent Loans/Total Loans	0.75	0.92	0.89	0.89
Net Charge-Offs/Avg Loans	0.69 *	0.63	0.84 *	0.77 *
Fair (Market) Value/Book Value (HTM invests)	99.67	99.71	100.44	100.16
Accum Unreal G-L On AFS/CST of Invest AFS	-0.29	0.22	0.73	0.59
Delinquent Loans/Assets	0.52	0.66	0.61	0.60
Earnings:				
Return on Average Assets	1.02 *	1.02	0.81 *	0.78 *
Gross Income/Average Assets	8.83 *	8.84	8.81 *	8.74 *
Cost of Funds/Avg Assets	3.37 *	3.43	3.62 *	3.62 *
Net Margin/Avg Assets	5.46 *	5.41	5.19 *	5.12 *
Operating Exp/Avg Assets	3.84 *	3.82	3.72 *	3.72 *
Provision For Loan Losses/Avg Assets	0.59 *	0.56	0.67 *	0.61 *
Net Interest Margin/Avg Assets	4.25 *	4.20	3.94 *	3.88 *
Operating Exp/Gross Income	43.52	43.25	42.20	42.64
Fixed Assets & Oreos/Total Assets	2.50	2.45	2.43	2.72
Net Operation Exp/Avg Assets	3.12 *	3.10	3.06 *	3.04 *
Asset/Liability Management:				
Net Long-Term Assets/Total Assets	14.96	14.41	13.00	13.53
Reg Shares/Total Shares & Borrowings	37.24	36.16	36.29	36.33
Total Loans/Total Shares	78.76	79.64	76.20	74.88
Total Loans/Total Assets	70.27	70.88	67.99	66.99
Cash + Short-Term Investments/Assets	17.50	18.38	17.08	14.02
Total Shr. Dep. & Borrowows/Earning Assets	94.26	92.91	92.88	93.36
Borrowings/Total Shares & NetWorth	0.00	0.00	0.00	0.00
Est Loan Maturity in Mos	20.25	20.04	20.90	19.83
Other Ratios:				
NetWorth Growth	11.63 *	11.84	8.95 *	8.78 *
Market Growth	6.46 *	7.75	20.69 *	18.20 *
Loan Growth	13.31 *	14.32	2.54 *	5.16 *
Asset Growth	7.46 *	8.81	19.64 *	17.06 *
Investment Growth	-6.45 *	0.13	72.92 *	51.23 *
* Annualized data. Annualization factor - March = 4; June = 2; September = 1.33; December = 1 (or no annualizing)				
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\* Annualized data, Annualization factor - March = 4; June = 2; September = 1.33; December = 1 (or no annualizing)

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12/14/2000	Consolidated Balance Sheet				Page 5			
	For Charter: ABERDEEN		ING GROUND -- 2540					

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12/14/2000	Consolidated Balance Sheet				ND -- 2540				Page 7			
	For Charter: ABERDEEN PROVINC											
	September 2000	December 2000	% CHG	March 2001	% CHG	June 2001	% CHG	September 2001	% CHG			
REAL ESTATE LOANS - AMOUNT OUTSTANDING:												
First Mortgage Fixed Rate	15,928,191	17,318,337	8.7	17,643,029	1.9	17,865,225	1.3	18,124,371				
First Mortgage Adj Rate	25,130,386	25,153,870	0.1	24,899,923	-1.0	25,019,654	0.5	25,029,097				
Other Real Estate Fixed Rate	21,375,433	22,067,284	3.2	21,832,984	-1.1	22,600,230	3.5	24,228,496				
Home Equity Line of Credit	16,826,069	16,339,655	-2.9	16,365,505	0.2	15,610,464	-4.6	16,273,725				
Other R.E. Adj Rate (Exc. Heloc)	0	0		0		0		0				
TOTAL R.E. LOANS OUTSTANDING	79,260,079	80,879,146	2.0	80,741,441	-0.2	81,095,573	0.4	83,655,689				
REAL ESTATE LOANS - AMOUNT GRANTED:												
First Mortgage Fixed Rate	5,682,744 *	6,326,665	11.3	5,329,212 *	-15.8	7,843,256 *	47.2	10,165,866 *				
First Mortgage Adj Rate	2,348,833 *	2,721,680	15.9	2,634,000 *	-3.2	4,770,614 *	81.1	4,892,215 *				
Other Real Est Fixed Rate	7,108,955 *	7,001,016	-1.5	3,811,416 *	-45.6	6,826,090 *	79.1	8,956,833 *				
Home Equity Line of Credit	4,142,696 *	3,803,809	-8.2	3,089,196 *	-18.8	2,752,098 *	-10.9	5,371,599 *				
Other R.E. Adj Rate (Exc. Heloc)	0 *	0		0 *		0		0 *				
First Mortgage R.E. Loans Sold	280,630 *	717,875	155.8	1,987,200 *	176.8	4,895,650 *	146.4	6,008,255 *				
S-Term (<5 Yrs) R.E. Loan (Exc. MBL) 1/	41,956,455	41,493,525	-1.1	41,265,428	-0.5	40,630,118	-1.5	41,302,822				
R.E. Lns also Mem. Bus. Lns	0	0		0		0		0				
DELINQUENT R.E. LOANS > 2 MOS												
First Mortgage Fixed Rate	0	0		18,125		22,485	24.1	9,381				
First Mortgage Adj Rate	355,164	506,780	42.7	396,038	-21.9	414,640	4.7	314,975				
Other R.E. Fixed Rate	0	0		0		0		0				
Other R.E. Adj. Rate	0	0		0		0		0				
TOTAL DEL R.E. > 2 MOS	355,164	506,780	42.7	414,163	-18.3	437,125	5.5	324,356				
DELINQUENT 1 TO < 2 MOS												
First Mortgage	22,386	104,108	365.1	283,134	172.0	229,138	-19.1	145,478				
Other	0	0		0		0		0				
TOTAL DEL 1 TO < 2 MOS	22,386	104,108	365.1	283,134	172.0	229,138	-19.1	145,478				
TOTAL DEL R.E. LOANS > 1 MOS	377,550	610,888	61.8	697,297	14.1	666,263	-4.5	469,834				
% DEL R.E. LOANS > 1 MOS	0.5	0.8	58.6	0.9	14.3	0.8	-4.9	0.6				
% DEL R.E. LOANS > 2 MOS	0.4	0.6	39.8	0.5	-18.1	0.5	5.1	0.4				
R.E. LOANS/LOC CHARGE-OFFS AND RECOVERIES:												
1st Mortgage Charge-Offs YTD	23,041 *	17,324	-24.8	0 *	-100.0	0		43,003 *				
1st Mortgage Recoveries YTD	0 *	0		0 *		0		0 *				
Other R.E. Charge-Offs YTD	0 *	0		0 *		0		0 *				
Other R.E. Recoveries YTD	0 *	0		0 *		0		0 *				
ALLOW FOR LOSSES ON R.E. LOANS	53,104	54,189	2.0	54,097	-0.2	54,334	0.4	56,049				
* Annualized data, Annualization factor - March = 4; June = 2; September = 1.33; December = 1 (or no annualizing)												
1/ <3Years And Includes Member Business Loans Prior To December 2000												
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12/14	Consolidated P e Sheet				Page 9			
	For Charter: ABERDEEN F				G GROUND -- 2540			
	September 2000	December 2000	% CHG	March 2001	% CHG	June 2001	% CHG	September 2001
								% CHG
<b>INVESTMENT, CASH ON DEPOSIT AND CASH EQUIVALENTS</b>								
<b>SFAS 115 CLASS. OF INVESTMENTS</b>								
Held to Maturity < 1 yr	1,973,379	1,914,156	-3.0	1,832,869	-4.2	1,689,803	-7.8	1,466,123
Held to Maturity 1-3 yrs	8,351,226	10,331,754	23.7	10,308,217	-0.2	15,286,337	48.3	18,254,216
Held to Maturity 3-10 yrs	0	0		0		0		0
Held to Maturity > 10 yrs	0	0		0		0		0
<b>TOTAL HELD TO MATURITY</b>	<b>10,324,605</b>	<b>12,245,910</b>	<b>18.6</b>	<b>12,141,086</b>	<b>-0.9</b>	<b>16,976,140</b>	<b>39.8</b>	<b>19,720,339</b>
Available for Sale < 1 yr	55,392,970	60,099,705	8.5	58,532,716	-2.6	48,789,790	-16.6	44,427,885
Available for Sale 1-3 yrs	18,429,745	15,246,753	-17.3	37,468,967	145.8	48,407,901	29.2	43,626,261
Available for Sale 3-10 yrs	6,336,400	3,567,882	-43.7	0	-100.0	1,578,819		0
Available for Sale > 10 yrs	0	0		0		0		0
<b>TOTAL AVAILABLE FOR SALE</b>	<b>80,159,115</b>	<b>78,914,340</b>	<b>-1.6</b>	<b>96,001,683</b>	<b>21.7</b>	<b>98,776,510</b>	<b>2.9</b>	<b>88,054,146</b>
<b>TRADING &lt; 1 YEAR</b>	<b>N/A</b>	<b>N/A</b>		<b>0</b>		<b>0</b>		<b>0</b>
Trading 1-3 years	N/A	N/A		0		0		0
Trading 3-10 years	N/A	N/A		0		0		0
Trading > 10 years	N/A	N/A		0		0		0
<b>TOTAL TRADING</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
Non-SFAS 115 < 1 yr	1,031,295	5,146,299	399.0	5,721,595	11.2	5,221,245	-8.7	5,499,434
Non-SFAS 115 1-3 yrs	500	500	0.0	500	0.0	500	0.0	500
Non-SFAS 115 3-10 yrs	0	0		0		0		0
Non-SFAS 115 > 10 yrs	0	0		0		0		0
<b>TOTAL NON-SFAS 115</b>	<b>1,031,795</b>	<b>5,146,799</b>	<b>398.8</b>	<b>5,722,095</b>	<b>11.2</b>	<b>5,221,745</b>	<b>-8.7</b>	<b>5,499,934</b>
<b>MATURITIES :</b>								
Total Investments < 1 yr	58,397,644	67,160,160	15.0	66,087,180	-1.6	55,700,838	-15.7	51,393,442
Total Investments 1-3 yrs	26,781,471	25,579,007	-4.5	47,777,684	86.8	63,694,738	33.3	61,880,977
Total Investments 3-10 yrs	6,336,400	3,567,882	-43.7	0	-100.0	1,578,819		0
Total Investments > 10 yrs	0	0		0		0		0
<b>Total</b>	<b>91,515,515</b>	<b>96,307,049</b>	<b>5.2</b>	<b>113,864,864</b>	<b>18.2</b>	<b>120,974,395</b>	<b>6.2</b>	<b>113,274,419</b>
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# National Credit Union Administration

## Charter Information

Region:	2	Supervisor Examiner:	E
Charter Number:	2540	Charter Date:	1/1/1938
Charter Type:	1	Insurance Date:	1/4/1971
State Code:	24	District:	2
County Code:	25	Congressional District:	1
Status:	A	SMSA:	720
Last Event Code:		TOM Code:	35
Limited Income:	0	SEP:	Y
Limited Income Date:	12:00:00 AM		

Charter Name: ABERDEEN PROVING GROUND

P.O. BOX 1176  
ABERDEEN, MD 21001-6176

Attention of:

Office Location: 996 BEARDS HILL ROAD  
ABERDEEN, MD 21001-6176

Attention of:

Phone:	(410) 575-6700	Fax:	(410) 272-5305
Manager:	LEWIS, DON W	President:	GILBERT, DAVID H
Working Hours:	M-F 9-5		

Report of Officials: 96  
EDP Vendor Name: Summit Information Systems  
Insurance Name:  
Year Opened: 1938

Web Address:  
I-Mail:

Previous Name(s):

### Event History:

CU #	Id	Assets	Type	Reason	Survivor	Date	Shares	Cash Assist	Insured Loss	PA Assets	PA Shares
16634	MC	371,590	1	8	2540	4/12/2000	353,864	0	0	0	0
16634	M	371,590	0	8	2540	9/30/1999	353,864	0	0	0	0

### FAS Data

Cycle	Assets	Shares
9/30/2001	421,911,249	376,232,245
6/30/2001	419,572,749	375,370,378
3/31/2001	405,573,933	361,852,434
12/31/2000	386,591,128	344,057,060
9/30/2000	375,234,426	334,810,974

### Exam Data

Comp Date: 4/12/2001  
NCUA CAMEL: 1  
State CAMEL: 0





# National Credit Union Administration

## Exam Information

### Flexible Procedures:

Off Site:

Charter No/Status: 02540 A Employee ID/Name: 055R NICHOLS  
Charter Name: ABERDEEN PROVING GROUND Region/SE/District: 2 /E /2

Last Modified By: Transaction Date: 04/20/2001 Creation Date: 04/20/2001

Effective Date: 09/28/2000 Date Completed: 04/12/2001  
Contact Type: 3 Est.Resolution Date:  
Contact Hours: 118 Next Contact Date: 12/31/2001  
Update Date: 04/20/2001

### Key Ratios(%)

### Amounts(\$)

NetWorth:	0.00	Assets:	386,591,128
Earnings:	1.00	Loans:	274,006,533
Delinquency:	0.90	Share:	344,057,060
PAS:	110.50	Delinquency:	2,466,059

### C A M E L Compt

NCUA: 1 2 1 1 1 1  
State:

Comments:

### Problem Area

<u>Problem</u>	<u>Date</u>	<u>Comments</u>
Recordkeeping:		
Profitability:		
Audit/Verification:		
Delinquency:		
Loan Quality:		
Disclosure:		
ALM:		
Capital:		
Investment:		
Management:		
Compliance:		
Special1:		
Special2:		
Special3:	09/2000	YES FOM
Special4:		
FOM:		
LUA:		
RO-Special1:		
RO-Special2:		
RO-Special3:		
RO-Special4:		
CO-Special1:		
CO-Special2:		
CO-Special3:		
CO-Special4:		



# National Credit Union Administration

## Exam Information

### Flexible Procedures:

#### Off Site:

Charter No/Status: 02540 A Employee ID/Name: 058M GREGORY  
Charter Name: ABERDEEN PROVING GROUND Region/SE/District: 2 /E /2

Last Modified By: Transaction Date: 04/05/2001 Creation Date: 04/05/2001

Effective Date: 12/31/2000 Date Completed: 04/02/2001  
Contact Type: 10 Est.Resolution Date:  
Contact Hours: 198 Next Contact Date: 02/28/2002  
Update Date: 04/05/2001

#### Key Ratios(%)

NetWorth: 9.26  
Earnings: 1.02  
Delinquency: 0.92  
PAS: 110.59

Assets: 386,591,128  
Loans: 274,374,195  
Share: 344,057,060  
Delinquency: 2,532,249

#### Amounts(\$)

NCUA: CAMEL Compt  
State: 1 2 1 1 1 1

#### Comments:

A budget of 200 hours is recommended for 2002.

The FCU will be monitored through the quarterly 5300 reports.

### Problem Area

<u>Problem</u>	<u>Date</u>	<u>Comments</u>
Recordkeeping:		
Profitability:		
Audit/Verification:		
Delinquency:		
Loan Quality:		
Disclosure:		
ALM:		
Capital:		
Investment:		
Management:		
Compliance:		
Special1:		
Special2:		
Special3:	12/2000	FOM-Yes
Special4:		
FOM:		
LUA:		
RO-Special1:		
RO-Special2:		
RO-Special3:		
RO-Special4:		
CO-Special1:		
CO-Special2:		
CO-Special3:		
CO-Special4:	12/2000	EC1; EFS Questionnaire

**EXAMINER CONTACT INFORMATION**

Credit Union Name: ABERDEEN PROVING GROUND  
 Address: P.O. BOX 1176  
 City, State, Zip: ABERDEEN, MD 21001-6176  
 Telephone Number: (410) 575-6700  
 Contact Person: DON W. LEWIS  
 Contact Type: 10

Examiner Name: JAMES D GREGORY  
 Employee Number: 058M

Charter/Ins#: 2540  
 Effective Date: 12/31/2000  
 Start Date: 02/02/2001  
 Est. Resolution Date:  
 Date Completed: 04/02/2001  
 Contact Time (Hours): 198  
 Date of Next Contact: 02/28/2002  
 Region: 2  
 SE/District: E / 2

**Key Ratios (%)**  
 Net Worth: 9.26%  
 Capital: 111.75%  
 Net Capital: 9.42%  
 Earnings: 1.02%  
 Delinquent: 0.92%  
 PAS: 110.59%

**Dollars (\$)**  
 Assets: \$386,591,128  
 Loans: \$274,374,195  
 Shares: \$344,057,060  
 Delinq.: \$2,532,249

**CAMEL**  
 NCUA: C A M E L Composite  
 State: 1 2 1 1 1 1  
 - - - - -

**PROBLEM AREAS**

<u>Problem Area</u>	<u>Date</u>	<u>Comment</u>
Recordkeeping		
Profitability		
Audit/Verification		
Delinquency		
Loan Quality		
Disclosure		
ALM		
Investments		
Management		
Special1		
Special2		
Special3	12/00	FOM-Yes
Special4		
Compliance		
Capital		
L.U.A.		
FOM		

**PROBLEM AREAS**

<u>Problem Area</u>	<u>Date</u>	<u>Comment</u>
RO-Special1		
RO-Special2		
RO-Special3		
RO-Special4		
CO-Special1		
CO-Special2		
CO-Special3		
CO-Special4	12/00	EC1; EFS Questionnaire

**SUPERVISION PLANS:**

The FCU will be monitored through the quarterly 5300 reports.

**EXAMINER COMMENTS:**

A budget of 200 hours is recommended for 2002.

## EXAMINATION OVERVIEW

The following comments summarize the examiner's review, analysis, and findings in major areas of the credit union's operation, financial condition, and management. Based upon a review of key financial trends and ratios, the scope of the examination may have been limited in areas where no existing or potential problem is apparent. Accordingly, comments in these areas may be more general in nature to reflect the limited review. The conclusions reached are supported by schedules included in this report.

### **Introduction**

The examination covered the period from December 1, 1999, through December 31, 2000. The Year 2000 was a successful year for the credit union. The credit union's profitability and net worth both improved throughout the year. Additionally, the credit union's net loan losses were at the lowest level in more than four years. Furthermore, management revised the credit union's Asset-Liability Management Policy to address concerns noted in the previous examination report. The credit union continues to be a well-managed financial institution.

The following items will be discussed further in this report:

- Loan Trends;
- Asset-Liability Management;
- E-Commerce Activities; and
- CAMEL Summary.

### **Loan Trends**

Loans grew nearly \$34.7 million or 14.47 percent in 2000. The majority of the growth was realized in vehicle loans. Vehicle loans increased from \$89.5 million in 1999, to \$108.1 million in 2000. The strong vehicle loan growth

was due largely to the successful indirect lending program. As depicted by Table I, the growth in vehicle loans resulted in a shift in the loan portfolio

<b>Loans (\$MM)</b>	<b>1998</b>	<b>%</b>	<b>1999</b>	<b>%</b>	<b>2000</b>	<b>%</b>
Unsecured	\$68.4	29%	\$70.5	29%	\$78.1	28%
Vehicle	\$89.3	38%	\$89.5	37%	\$108.1	39%
Real Estate	\$67.8	29%	\$73.1	30%	\$80.9	29%
Other	\$7.5	3%	\$6.6	3%	\$7.3	3%
<b>Total</b>	<b>\$232.9</b>	<b>100%</b>	<b>\$239.7</b>	<b>100%</b>	<b>\$274.4</b>	<b>100%</b>

**Table I: Loan Portfolio Composition**

composition. Vehicle loans increased to 39 percent of the entire portfolio. Unsecured and real estate loans declined slightly to 28 percent and 29 percent, respectively. Management has made a concerted effort to limit the amount of unsecured loans within the portfolio. Management continues to maintain a 30/70 ratio of unsecured to secured loans.

## EXAMINATION OVERVIEW

The limitation on unsecured lending has helped to lessen the impact of loan losses due to bankruptcy. The total of loans charged off due to bankruptcy has declined since 1998, as depicted by Table II. A

	1998	1999	2000
<b>Loan Losses due to Bankruptcy (Bk)</b>	\$2,928,279	\$1,782,448	\$1,184,983
<b>Total Loan Losses</b>	\$4,215,426	\$2,789,355	\$1,957,883
<b>Average Loans</b>	\$239,384,853	\$236,308,318	\$257,033,771
<b>Bk/Total Loan Losses</b>	69.47%	63.90%	60.52%
<b>Bk/Average Loans</b>	1.22%	0.75%	0.46%

total of \$1.2 million in loans were written off in 2000 due to bankruptcy, which is a significant decline from the \$2.9 million charged off in 1998. Loan losses due to bankruptcy equaled nearly 69 percent of

**Table II: Bankruptcy Trends**

the total loan losses in 1998. In 2000, bankruptcy accounted for less than 61 percent of total loan losses. Additionally, loans charged off due to bankruptcy dropped to 0.46 percent of average loans in 2000, down significantly from the 1.22 percent high in 1998.

### **Asset-Liability Management**

Asset-liability management (ALM) plays an integral role in determining the long-term success or weakness of a financial institution. ALM is the identification, monitoring, and control of assets and liabilities in response to changing economic climates and member preferences. An effective ALM program requires management to adequately analyze risks, develop a strategy to manage risk, and implement actions to carry out the strategy.

As a scope determinant, the 17-4 Gross Test was performed during the examination. The credit union's net worth was shocked to 6.30 percent, for a net change of 34.15 percent. This reflects a moderate to low level of interest rate risk. Due to the favorable test result, an average scope was used in reviewing the credit union's ALM program.

Management continues to take a conservative approach to managing the credit union's balance sheet. Management closely controls the growth of net long-term assets. Net long-term assets equaled only 15.19 percent of total assets as of December 31, 2000. The credit union's ALM Policy limits fixed rate real estate and mobile home loans to 25 percent of total assets. According to management's calculations, an addition \$39 million can be granted in fixed rate real estate loans before the policy limitation is met; however, management will not retain any fixed rate real estate loan until its capital goals are achieved.

Management has established a net capital goal of 9.90 percent. This is the minimum level of net capital necessary to withstand management's "worst-case" scenario of 1313 (i.e., 13 percent short- and long-term rate), as reported semiannually by C. Myers. The short-term rate is the three-month Treasury rate and the long-term rate a 30-year Treasury rate. The current rate scenario is 0606; therefore, a severe shift in interest rates would have to occur before the worst-case scenario would come to fruition.

In addition to interest rate risk, management closely monitors liquidity. Monthly cash flow analysis is performed to ensure adequate liquid reserves for anticipated share and loan demands. Cash and short-term investments equaled 17.18 percent of total assets as of December 31, 2000.

## **EXAMINATION OVERVIEW**

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### **E-Commerce Activities**

The credit union first developed an informational web page in March 1996. Then in November 1997, Internet banking was first introduced to the membership. According to an article recently published in the Credit Union Times, offering Internet banking to members can be a profitable undertaking. According to the Credit Union Times, financial institutions offering Internet banking benefit from increased customer (member) retention, reduced transaction costs, and improved cross-selling opportunities. Additionally, a recent Callahan & Associates study found that credit unions offering Internet banking have higher product-per-member usage than non-internet banking credit unions of similar size. Management is commended for their proactive measures to improve service to the membership.

As detailed in NCUA Letter No. 00-CU-07, NCUA's Information System Technology Examination Program, dated October 2000, the credit union's e-commerce activities were reviewed during the examination. The credit union's policies, procedures, and controls regarding e-commerce activities appear to be adequate.

During 2000, management substantially revised the credit union's Security Policy to include guidelines for e-commerce activities. Additionally, the credit union's Privacy Policy and Disclosures were developed with an implementation date of April 2001, which is three months prior to the regulatory deadline of July 1, 2001. Finally, an independent CPA firm has been engaged to perform penetration tests of the credit union's Internet banking system during 2001.

### **CAMEL Summary**

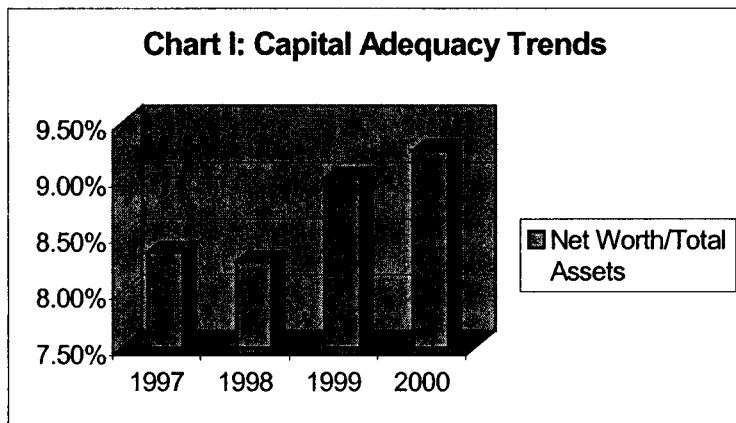
The CAMEL rating system is based upon an evaluation of five critical elements of a credit union's operations: Capital Adequacy, Asset Quality, Management, Earnings, and Asset-Liability Management. Credit unions are rated using a combination of financial ratios and examiner judgment.

#### **Capital Adequacy**

Maintaining an adequate level of capital is critical to the on-going success of the credit union. Capital cushions fluctuations in earnings so that credit unions can continue to operate in periods of loss or negligible earnings. It also provides a measure of reassurance to the members that the organization will continue to provide financial services. It serves to support growth as a free source of funds and provides protection against insolvency. While meeting statutory capital requirements is a key factor in determining capital adequacy, the credit union's operations and risk position may warrant additional capital beyond the statutory requirements.

Part 702 of the NCUA Rules and Regulations sets forth the statutory net worth categories, and risk-based net worth requirements for federally insured credit unions. The credit union is deemed "well capitalized" with a net worth ratio of 9.26 percent as of December 31, 2000.

## EXAMINATION OVERVIEW



The credit union's capital trends continued the second consecutive year of positive growth in 2000. As depicted in Chart I, net worth as a percentage of total assets increased from 9.01 percent in 1999, to 9.26 percent in 2000. Similar to net worth, gross and net capital also increased during the same period. Gross capital increased from 9.96 percent of total assets in 1999 to 10.46 percent in 2000. Finally, net capital as a percentage of total assets increased to 9.42 percent in 2000, from 8.84 percent in 1999. The capital growth

is a direct result of management's efforts to attain their net capital goal of 9.90 percent, which management anticipates achieving in 2001.

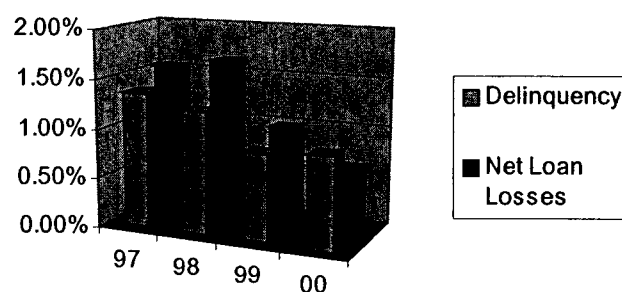
The credit union is rated a **"one"** in the area of capital adequacy.

### **Asset Quality**

**Lending:** A total of 43 loans were reviewed during the examination. Only one exception was noted - a missing security interest filing - and can be found in the Loan Exceptions section of this report. Overall, the loans reviewed were supported with adequate documentation and based on sufficient credit analysis.

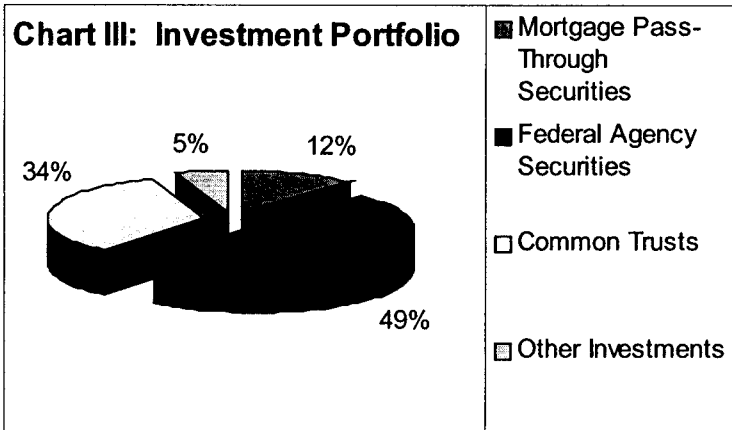
**Delinquency/Net Charge Offs:** Delinquency increased slightly to 0.92 percent of total loans in 2000, from 0.87 percent in 1999. Although delinquency increased in 2000, the current level is much less than the 1.37 percent level experienced in 1997. Additionally, net loan losses declined in 2000 for the second consecutive year. Net loan losses dropped to 0.63 percent of average loans during the year from 1.00 percent in 1999. The rate of loan loss in 2000 is more than half the level of the 1.63 percent level experienced in 1998.

**Chart II: Asset Quality Trends**



**Adequacy of the Allowance for Loan Losses Account:** The adequacy of the Allowance for Loan Losses (ALL) account was evaluated using a 25 percent reserve for loans two to six months delinquent and 100 percent reserve for loans greater than six months delinquent. The ALL account was adequately funded as of December 31, 2000

## EXAMINATION OVERVIEW



**Investments:** The credit union's investment portfolio is largely comprised of Federal Agency Securities (49 percent) and Common Trusts (34 percent). Mortgage Pass-Through Securities account for only 12 percent of the entire portfolio. The majority of the credit union's investments (\$62.5 million or 65 percent) matures or reprices in less than one year. Additionally, \$27.1 million or 28 percent in investments matures or reprices in one to three years. Overall, management maintains a fairly liquid portfolio.

The credit union is rated a **"two"** in the area of asset quality.

### Management

Management is the most forward-looking indicator of condition and key determinant of whether a credit union is able to correctly diagnose and respond to financial stress. Management comprises not only the chief executive officer, but also the board of directors and the supervisory committee. Through its written plans and policies, the board of directors establishes the direction and control over the credit union. Planning provides for the overall direction, whereas the policies are developed for control over key operational areas. Written policies and procedures are in place for all key areas.

An audit firm performed an opinion audit effective December 31, 2000. In conjunction with the opinion audit, the verification of members' accounts was performed effective June 30, 2000.

The credit union is rated a **"one"** in the area of management.

### Earnings

The continued viability of the credit union depends on its ability to provide a sufficient return on its assets. Earnings enable the credit union to fund expansion, remain competitive, and build capital.

The credit union's earnings increased to 1.02 percent in 2000, from 0.96 percent in 1999. The increase in earnings is due largely to improved asset yield of 8.84 percent of average assets. Additionally, the decline in provision for loan losses expense to 0.56 percent of average loans contributed to the improved earnings. Earnings improved despite the increase in operating expenses to 3.82 percent of average assets.

% Average Assets	1999	2000
Gross Income	8.63%	8.84%
Cost of Funds	3.30%	3.48%
Operating Expenses	3.74%	3.82%
Provision for Loan Losses Expense	0.61%	0.56%
Net Income	0.96%	1.02%

**Table III: Earnings Trends**

The credit union is rated a **"one"** in the area of earnings.



## **EXAMINATION OVERVIEW**

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### **Asset-Liability Management**

As stated earlier, management's conservative approach to balance sheet management has resulted in the credit union's limited exposure to interest rate risk.

The credit union is rated a "**one**" in the area of asset-liability management.

### **Composite**

The credit union is rated a "**one**" overall.

**DOCUMENT OF RESOLUTION**

Responsible Persons & Time Frames	Area of Concern and Plans for Corrective Action
--------------------------------------	-------------------------------------------------

A Document of Resolution is not necessary at this time.

**EXAMINER'S FINDINGS**

This schedule includes operating exceptions, violations of law or regulation and/or unsound policies, practices or procedures. Other findings have been included on checklists left with the officials.

REFER- ENCE	DISCUSSED WITH	CORRECTED (X) or AGREED TO CORRECT (XX)	COMMENTS
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**No material findings were noted during the examination.**

**CONFIDENTIAL SECTION**

Joint Conference:	4/2/2001	Exit Interview Date:	3/15/2001
Attendance:	BD:	SC:	CC:
Other Persons Attending Meeting: CEO Lewis and Internal Auditor O'Brien			

**Informal Observations:** The Informal Observations document was used to address immaterial findings noted during the examination. There were no material findings noted.

**Business Lending:** The credit union's business loans do not technically meet the regulatory definition. The credit union's policy limits business loans to one member to \$49,999, which falls below the regulatory threshold; however, by cosigning on other business loans, a member's aggregate total could exceed the threshold of \$50,000. The Informal Observation document addressed this potential event by recommending the policy be revised to prohibit senior management from business loans.

**Exit Conference:** The exit conference with the CEO and CFO was held on Friday, March 16, 2001. The Informal Observations document was presented to management. Management was pleased with the presentation of the immaterial findings and agreed to address these items in the coming months.

**Joint Conference:** The joint conference was held on April 2, 2001, at the Professional Building in Bel Air, Maryland. The board agreed to have a special meeting to go over the findings of the examination. The credit union's lending trends and asset-liability management were discussed with management. Management was pleased with the findings of the examination report.

**Supervisory Committee:** A meeting with the Supervisory Committee Chairman Thomas Moxley and the Internal Auditor Carol McBrien was held on February 27, 2001 at 3 pm. The supervisory committee and internal audit activities were discussed. The internal audit plan for 2001 was discussed in great detail. The supervisory committee appears to be very active.

McGladrey & Pullen, LLP performed the last annual audit, effective December 31, 2000. An unqualified opinion was rendered. In conjunction with the opinion audit, the CPA firm performed the verification of members' accounts via statistical sampling, effective June 30, 2000.

**Review of the CPA Audit Work Papers:** The review of the work papers of the opinion audit effective December 31, 1999, was performed during the prior examination.

**Completion of Exam in Greater than 45 Days:** Not applicable – the examination was completed in 28 days.

**Aires Reduced Exam Procedures:** The examination scope of the general ledger was reduced due to the receipt of an annual opinion audit and the existence of an effective internal audit department. Material balance sheet accounts were reviewed. Materiality was established as ¼ percent of total assets. Additionally, exception and suspense accounts were also reviewed, despite immaterial balances. Furthermore, the scope of the evaluation of the Allowance for Loan Losses (ALL) account was reduced due to the strong comfort level with management's evaluation and funding methods. The ALL was assessed by reserving 25 percent for loans two to six months delinquent and 100 percent for loans greater than six months delinquent. The reserve allocation was in addition to applying a five-year historic loss ratio of 1.0734 percent.

## **CONFIDENTIAL SECTION**

**FOM Status:** The credit union is permitted to expand its FOM.

**Supervision/Follow-up Plans:** The credit union will be monitored through the quarterly 5300 call reports.

**Projected hours for 2002:** I recommend a total of 200 hours be budgeted for the 2002 examination.

## CAMEL EVALUATION

	CREDIT UNION RATIO	PARAMETER CODE	EXAMINER CODE	STATE CODE
<b><u>CAPITAL</u></b>				
Net Worth / Assets	9.26%	1	N/A	N/A
<b>Component Rating</b>		1	1	
<b>THE RISK BASED NET WORTH (RBNW) REQUIREMENT IS NOT APPLICABLE.</b>				
<b><u>ASSET QUALITY</u></b>				
Delinquent Loans / Loans	0.92%	1	N/A	N/A
Net Charge Offs / Average Loans	0.63%	3	N/A	N/A
<b>Component Rating</b>		2	2	
<b><u>MANAGEMENT</u></b>				
<b>Component Rating</b>		XXX	1	
<b><u>EARNINGS</u></b>				
Return on Average Assets	1.02%	1	N/A	N/A
<b>Component Rating</b>		1	1	
<b><u>ASSET / LIABILITY MANAGEMENT</u></b>				
<b>Component Rating</b>		XXX	1	
<b><u>COMPOSITE RATING</u></b>				
<b>Capital-Asset Quality-Earnings Rating</b>		1	1	
<b>Initial Composite</b>			1	Plus/ Minus
<b>Final Composite</b>			1	

Examiners are instructed to look behind the key ratios to determine the significance of supporting ratios and trends. Examiners should look at both quantitative and qualitative information before a final rating is assigned. Examiners have the discretion to increase or decrease any rating as they deem necessary.

**COMMENTS**

## KEY RATIOS

## PEER RATIOS

Period Ending:	12/31/1997	12/31/1998	12/31/1999	12/31/2000	12/31/2000
----------------	------------	------------	------------	------------	------------

## NET WORTH RATIOS

1. Net Worth / Assets ****	8.35%	8.27%	9.01%	9.26%	NA
2. Capital / Assets	9.23%	9.54%	9.96%	10.46%	11.97%
3. Net Capital / Assets **	8.36%	8.33%	8.84%	9.42%	11.38%
4. Total Delinquent Loans / Net Worth ****	12.26%	10.01%	6.53%	7.07%	NA
5. Solvency Evaluation **	109.29%	109.23%	109.84%	110.59%	113.22%
6. Classified Assets / Net Worth ** ****	10.37%	14.61%	12.41%	11.21%	NA

## ASSET QUALITY RATIOS

7. Delinquent Loans / Loans	1.37%	1.23%	0.87%	0.92%	0.69%
*8. Net Charge Offs / Average Loans	1.54%	1.63%	1.00%	0.63%	0.42%
9. Fair Value / Book Value (for investments held to maturity)	99.99%	100.05%	98.07%	99.71%	100.03%
10. Accumulated Unrealized Gains or Losses on Available for Sale Securities (+ debits - credits) / Cost of Investments Available for Sale	0.07%	0.23%	-0.66%	0.22%	-0.49%
11. Delinquent Loans / Assets	1.02%	0.83%	0.59%	0.66%	0.47%

## EARNINGS RATIOS

*12. Return on Average Assets	0.92%	0.33%	0.96%	1.02%	0.99%
*13. Gross Income / Average Assets	9.69%	9.11%	8.63%	8.84%	8.30%
*14. Cost of Funds / Average Assets	3.78%	3.61%	3.30%	3.43%	3.47%
5. Net Margin / Average Assets	5.90%	5.50%	5.32%	5.41%	4.84%
6. Operating Expenses / Average Assets	3.62%	3.63%	3.74%	3.82%	3.56%
*17. Provision for Loan Losses / Average Assets	1.35%	1.54%	0.61%	0.56%	0.31%
*18. Net Interest Margin / Average Assets	4.71%	4.33%	4.14%	4.20%	3.88%
19. Operating Expenses / Gross Income	37.39%	39.81%	43.40%	43.25%	42.92%
20. Fixed Assets + OREOs / Assets	3.27%	2.74%	2.68%	2.42%	2.17%
*21. Net Operating Expenses / Average Assets	2.82%	2.86%	3.00%	3.10%	2.87%

## ASSET / LIABILITY MANAGEMENT RATIOS

22. Net Long-Term Assets / Assets	12.73%	12.14%	13.99%	15.19%	23.16%
23. Regular Shares / Total Shares & Borrowing	37.29%	37.49%	38.20%	36.16%	35.33%
24. Total Loans / Total Shares	82.85%	74.54%	75.07%	79.75%	77.19%
25. Total Loans / Total Assets	74.57%	67.24%	67.46%	70.97%	67.27%
26. Cash + Short-Term Investments / Assets***	14.31%	19.20%	21.94%	17.18%	16.73%
27. Total Shares, Deposits, and Borrowings / Earning Assets	95.77%	95.14%	95.07%	92.82%	92.25%
28. Borrowings/ Total Shares and Net Worth ****	0.00%	0.00%	0.00%	0.00%	NA
*29. Estimated Loan Maturity in Months	21.6	20.4	19.7	20.1	32.7

## OTHER RATIOS

*30. Market (Share) Growth	9.03%	5.30%	2.18%	7.75%	5.77%
*31. Net Worth Growth	11.84%	4.04%	11.84%	11.84%	NA
*32. Capital Growth	13.09%	8.60%	7.16%	14.23%	10.96%
*33. Loan Growth	3.84%	-5.26%	2.91%	14.47%	10.58%
*34. Asset Growth	9.28%	5.07%	2.57%	8.81%	6.17%
*35. Investment Growth	40.44%	49.26%	0.69%	0.13%	24.25%
*36. Total Capital Plus Shares / Shares	110.25%	110.57%	111.09%	111.75%	111.97%

Exam date ratios are annualized.

\*\* Prior year ratios are based on estimates.

\*\*\* This ratio relies on the maturity distribution of investments reported per 5300 instructions. Thus, the maturity distribution could be based on the repricing interval and not the actual maturity of the investment. The exam date ratio is calculated consistent with the prior years.

**FINANCIAL HISTORY**

<b>Period Ending:</b>	<b>12/31/1996</b>	<b>12/31/1997</b>	<b>12/31/1998</b>	<b>12/31/1999</b>	<b>12/31/2000</b>
<b><u>BALANCE SHEET DATA</u></b>					
Total Assets (Less Total Rev. Repos)	301,711,365	329,695,175	346,399,268	355,303,081	386,591,128
Average Assets		315,703,270	338,047,222	350,851,175	370,947,105
<b><u>LOAN DATA</u></b>					
Total Loans (Gross)	236,757,918	245,846,419	232,923,287	239,693,348	274,374,195
Average Loans		241,302,169	239,384,853	236,308,318	257,033,771
Allowance for Loan Losses	2,289,000	2,856,000	4,185,500	3,977,750	4,435,000
Delinquent Loans - Excess of 2 Months	3,095,968	3,376,480	2,867,207	2,092,275	2,532,249
Collection Problem Loans	2,289,000	2,856,000	4,185,500	3,977,750	4,017,526
Provision for Loan Loss Expense	1,673,777	4,272,192	5,221,177	2,152,964	2,066,973
Charge Off Loans (Net, Last 12 Months)	1,364,777	3,705,192	3,891,677	2,372,320	1,609,723
Total Real Estate Loans	54,292,550	64,878,851	67,756,613	73,060,722	80,879,146
Adj/Repricable Real Estate Loans (5 yrs)	38,920,896	37,955,544	40,092,277	41,067,713	41,493,525
Loans Granted During Period (Debits)	143,098,980	140,398,744	131,467,942	148,821,157	177,841,622
<b><u>CASH/INVESTMENT DATA</u></b>					
Cash on hand	5,841,278	5,762,616	6,681,067	7,586,463	3,913,485
Investments Greater Than 1 Year	15,028,331	22,563,677	35,704,367	25,823,135	33,790,901
Total Inv., Cash on Dep., Cash Equiv.	45,565,056	63,992,189	95,517,279	96,177,291	96,307,049
Fair Value of Total Investments	45,391,425	63,990,180	95,520,567	96,125,689	96,271,689
Fair Value of AFS and Trading Portfolio	25,096,702	39,703,569	88,122,438	92,608,561	78,914,340
Book Value of HTM + Non FAS 115 Invest.	20,468,354	24,288,620	7,394,841	3,568,730	17,392,708
Cost of Securities Available for Sale	25,105,439	39,674,837	87,918,880	93,226,275	78,745,024
Total Reverse Repurchase Agreements	0	0	0	0	0
<b><u>OTHER ASSET DATA</u></b>					
Non-Earning Assets	21,677,391	22,712,567	22,144,202	23,410,192	20,344,885
Fixed Assets (includes OREOs)	10,810,232	10,788,238	9,495,464	9,515,513	9,367,915
Other Real Estate Owned	35,000	72,479	99,766	0	0
Other Potential Losses & Devaluations	N/A	N/A	N/A	N/A	0
<b><u>SHARES &amp; LIABILITIES</u></b>					
Total Borrowings	0	0	0	0	0
Regular Shares	109,847,288	110,657,027	117,154,572	121,957,025	124,399,947
Non-Member Shares	0	0	0	0	0
Total Shares and Deposits	272,158,825	296,746,877	312,471,091	319,296,817	344,057,060
<b><u>RESERVES</u></b>					
Statutory Reserves	9,417,706	8,766,519	7,950,539	8,627,940	10,291,920
Undivided Earnings (includes net income)	17,491,986	21,625,925	24,883,375	27,391,520	29,979,419
Unrealized Gain(Loss) on AFS Securities	(8,737)	28,732	203,558	(617,714)	169,316
All Other Reserves	0	0	0	0	0
Total Retained Earnings	26,900,955	30,421,176	33,037,472	35,401,746	40,440,655
<b><u>INCOME &amp; EXPENSE DATA</u></b>					
Loan Income	22,006,874	23,409,079	22,404,375	20,572,496	22,456,226
Investment Income	2,719,519	3,395,097	4,436,147	5,524,227	5,864,467
Fee Income	2,217,280	2,521,919	2,576,030	2,616,891	2,680,172
Gross Income	27,997,830	30,579,559	30,796,769	30,261,440	32,790,802
Operating Expenses (less PLL)	11,628,061	11,433,229	12,260,571	13,133,376	14,181,343
Provision for Loan Losses (PLL)	1,673,777	4,272,192	5,221,177	2,152,964	2,066,973
Non-Operating Gain (Loss)	(23,628)	(15,725)	(2,663)	(16,444)	(8,691)
Interest on Borrowed Funds	0	0	0	0	0
Dividend Expense + Interest on Deposits	10,851,541	11,942,662	12,200,388	11,579,407	12,739,166
Net Income (Loss) After Dividends	3,820,823	2,915,751	1,111,970	3,379,249	3,794,629
Net Reserve Transfer	708,742	0	0	869,263	0
Net Income (Loss) from Operations	3,112,081	2,915,751	1,111,970	2,509,986	3,794,629
<b>Factor to Annualize</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>



## STATEMENT OF FINANCIAL CONDITION

	Period Ending 12/31/99		Current Period Examination 12/31/00		Adjusted Balance	
		%		%		%
<b>ASSETS:</b>						
Total Loans	239,693,348.00		274,374,194.74		274,374,194.74	
Less: Allowance for Loan Loss	(3,977,750.00)		(4,435,000.00)		(4,435,000.00)	
Loan Net	235,715,598.00	66.34%	269,939,194.74	69.83%	269,939,194.74	69.83%
Cash & Transactional Accounts						
From Financial Institutions	7,586,463.00	2.14%	8,055,246.83	2.08%	8,055,246.83	2.08%
Investments:						
Non FAS 115	897,145.00		1,005,037.00		1,005,037.00	
Held to Maturity	2,671,585.00		12,245,909.64		12,245,909.64	
Trading	0.00		0.00		0.00	
Available for Sale	92,608,561.00		78,914,340.43		78,914,340.43	
Investments Net	96,177,291.00	27.07%	92,165,287.07	23.84%	92,165,287.07	23.84%
Fixed Assets Net of Depreciation	9,515,513.00	2.68%	9,367,914.74	2.42%	9,367,914.74	2.42%
Insurance Capitalization Deposit	3,090,702.00	0.87%	3,279,782.21	0.85%	3,279,782.21	0.85%
Other Real Estate Owned	0.00	0.00%	0.00	0.00%	0.00	0.00%
Other Assets	3,217,514.00	0.91%	3,783,702.44	0.98%	3,783,702.44	0.98%
<b>Total Assets</b>	<b>355,303,081.00</b>		<b>386,591,128.03</b>		<b>386,591,128.03</b>	
<b>LIABILITIES:</b>						
Payables & Liabilities	2,214,122.00	0.62%	3,543,836.58	0.92%	3,543,836.58	0.92%
Borrowed Money & Interest Payable	0.00	0.00%	0.00	0.00%	0.00	0.00%
Dividends & Interest Payable	2,368,146.00	0.67%	2,984,576.21	0.77%	2,984,576.21	0.77%
<b>SHARES &amp; EQUITY:</b>						
Shares & Deposits	319,296,817.00	89.87%	344,057,059.77	89.00%	344,057,059.77	89.00%
Regular Reserves	4,650,190.00	1.31%	5,856,919.95	1.52%	5,856,919.95	1.52%
Other Reserves	0.00	0.00%	0.00	0.00%	0.00	0.00%
Undivided Earnings	27,391,520.00	7.71%	29,979,419.26	7.75%	29,979,419.26	7.75%
Accumulated Unrealized Gains (Losses) on						
Available for Sale Securities	(617,714.00)	-0.17%	169,316.26	0.04%	169,316.26	0.04%
Current Earnings	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total Liabilities and Equity</b>	<b>355,303,081.00</b>		<b>386,591,128.03</b>		<b>386,591,128.03</b>	

### NOTES TO THE FINANCIAL STATEMENTS:

1. The fair value of the Held to Maturity and Non-FASB 115 investment portfolio	\$ 17,357,348.78
2. Total Unused Commitments is	\$ 83,588,468.00
3. The total balance of Reverse Repurchases included in assets and liabilities are	\$ -

# STATEMENT OF INCOME

	For Period From: 01/01/1999 thru 12/31/1999	% Average Assets	Current Period Examination 12/31/2000	% Average Assets	Adjusted: 01/01/2000 thru 12/31/2000	% Average Assets
<b>OPERATING INCOME:</b>						
Interest on Loans (Gross)	20,572,496.00	5.86%	22,456,226.20	6.05%	22,456,226.20	6.05%
Less: Interest Refunded	0.00	0.00%	0.00	0.00%	0.00	0.00%
Net Loan Income	20,572,496.00	5.86%	22,456,226.20	6.05%	22,456,226.20	6.05%
Income from Investments	5,524,227.00	1.57%	5,864,466.59	1.58%	5,864,466.59	1.58%
Income (Loss) from Trading Securities	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total Interest Income</b>	<b>26,096,723.00</b>	<b>7.44%</b>	<b>28,320,692.79</b>	<b>7.63%</b>	<b>28,320,692.79</b>	<b>7.63%</b>
<b>INTEREST EXPENSE:</b>						
Dividends on Shares	11,579,407.00	3.30%	12,739,165.60	3.43%	12,739,165.60	3.43%
Interest on Borrowed Money	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total Interest Expense	11,579,407.00	3.30%	12,739,165.60	3.43%	12,739,165.60	3.43%
Provision for Loan & Lease Losses	2,152,964.00	0.61%	2,066,973.31	0.56%	2,066,973.31	0.56%
<b>Net Interest Income After Provision for Loan &amp; Lease Losses</b>	<b>12,364,352.00</b>	<b>3.52%</b>	<b>13,514,553.88</b>	<b>3.64%</b>	<b>13,514,553.88</b>	<b>3.64%</b>
<b>NON-INTEREST INCOME:</b>						
Fee Income	2,616,891.00	0.75%	2,680,172.05	0.72%	2,680,172.05	0.72%
Other Operating Income	1,547,826.00	0.44%	1,789,936.90	0.48%	1,789,936.90	0.48%
Gain (Loss) on Investments	0.00	0.00%	0.00	0.00%	0.00	0.00%
Gain (Loss) on Disposition of Assets	(16,444.00)	0.00%	(8,690.88)	0.00%	(8,690.88)	0.00%
Other Non Operating Income (Expense)	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total Non-Interest Income</b>	<b>4,148,273.00</b>	<b>1.18%</b>	<b>4,461,418.07</b>	<b>1.20%</b>	<b>4,461,418.07</b>	<b>1.20%</b>
<b>NON-INTEREST EXPENSE:</b>						
Compensation & Benefits	6,794,849.00	1.94%	7,369,664.46	1.99%	7,369,664.46	1.99%
Travel & Conference	113,418.00	0.03%	161,496.90	0.04%	161,496.90	0.04%
Office Occupancy	556,627.00	0.16%	693,856.32	0.19%	693,856.32	0.19%
Office Operations	2,752,004.00	0.78%	2,797,208.63	0.75%	2,797,208.63	0.75%
Educational & Promotional	444,424.00	0.13%	451,385.16	0.12%	451,385.16	0.12%
Loan Servicing	922,872.00	0.26%	1,000,857.98	0.27%	1,000,857.98	0.27%
Professional & Outside Services	1,180,682.00	0.34%	1,329,277.10	0.36%	1,329,277.10	0.36%
Member Insurance	71,788.00	0.02%	65,091.96	0.02%	65,091.96	0.02%
Examination/Supervision Fees	92,315.00	0.03%	99,804.64	0.03%	99,804.64	0.03%
Miscellaneous Operating Expenses	204,397.00	0.06%	212,699.95	0.06%	212,699.95	0.06%
<b>Total Non-Interest Expenses</b>	<b>13,133,376.00</b>	<b>3.74%</b>	<b>14,181,343.10</b>	<b>3.82%</b>	<b>14,181,343.10</b>	<b>3.82%</b>
<b>Net Income(Loss)</b>	<b>3,379,249.00</b>	<b>0.96%</b>	<b>3,794,628.85</b>	<b>1.02%</b>	<b>3,794,628.85</b>	<b>1.02%</b>

## STATEMENT OF INCOME

	For Period From:		Current Period		Adjusted:	
	01/01/1999	%	Examination	%	01/01/2000	%
	thru	Average	12/31/2000	Average	thru	Average
	12/31/1999	Assets		Assets	12/31/2000	Assets
<b>RESERVE TRANSFERS:</b>						
Less: Required Reserve Transfers	3,022,227.00	0.86%	0.00	0.00%	0.00	0.00%
Plus: Provision for Loan Losses	2,152,964.00	0.61%	2,066,973.31	0.56%	2,066,973.31	0.56%
<b>Net Reserve Transfers</b>	<u>869,263.00</u>	<u>0.25%</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>
<b>Net Income (Loss) after Required Reserve Transfers</b>	<u>2,509,986.00</u>	<u>0.72%</u>	<u>3,794,628.85</u>	<u>1.02%</u>	<u>3,794,628.85</u>	<u>1.02%</u>
Less: Voluntary Reserve Transfer (in excess of requirements)	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>
<b>Adjusted Net Income (Loss) from Operations</b>	<u>2,509,986.00</u>	<u>0.72%</u>	<u>3,794,628.85</u>	<u>1.02%</u>	<u>3,794,628.85</u>	<u>1.02%</u>

### NOTES TO THE FINANCIAL STATEMENTS:

CU # 2540

ABERDEEN PROVING GROUND

Effective Date 12/31/2000

## LOAN EXCEPTIONS

**Member Name**  
**Account Number**

**Date**

**Balance**

**Comments**

CSALA THOMAS H

000000000311746

11/29/2000

\$13,693.56 Security interest filing is missing;

## YALE, CLAUDIA B

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**From:** MASEDA, GARY T  
**Sent:** Wednesday, January 23, 2002 7:30 AM  
**To:** YALE, CLAUDIA B  
**Subject:** RE: APGFCU Underserved Addition

Claudia, overall the plan looks good! Regardless, this credit union has an excellent management team. Therefore, even if the numbers do not work out totally, the CU will not be negatively effected.

Call me if you have any questions.

-----Original Message-----

**From:** YALE, CLAUDIA B  
**Sent:** Wednesday, January 09, 2002 7:34 AM  
**To:** MASEDA, GARY T  
**Subject:** FW: APGFCU Underserved Addition

Gary, please review and provide any comments and recommendation, at your convenience. We received the needed info from the CU.

As always, thanks for your help.

-----Original Message-----

**From:** YALE, CLAUDIA B  
**Sent:** Friday, December 21, 2001 9:03 AM  
**To:** MASEDA, GARY T; GREGORY, JAMES D  
**Cc:** ST CLAIR, ANTOINETTE M  
**Subject:** APGFCU Underserved Addition

Attached is the regional summary for APG to serve nine underserved census tracts in Middle River (Baltimore County). The only thing the CU needs to provide is written boundaries for the area and a map. Because they hand-carried this in, I'm expecting a short turn-around to our deficiency letter. So with the holidays and all, thought it might be useful to forward the summary to you at this point.

Please provide comments and recommendations at your earliest convenience. Should you determine a field contact is necessary, I will forward complete documentation to each of you. Thanks for your help.

Have a great holiday.

<< File: 02540ROSumm.doc >>

## YALE, CLAUDIA B

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**From:** GREGORY, JAMES D  
**Sent:** Saturday, December 22, 2001 8:40 AM  
**To:** YALE, CLAUDIA B  
**Cc:** MASEDA, GARY T  
**Subject:** RE: APGFCU Underserved Addition

Claudia,

I reviewed the attached document for APG FCU's application for the underserved areas. I do not know of any reason why the credit union's application should be denied. I understand that an application for a community charter is forthcoming for this credit union.

Please let me know if you require any additional information. Happy holidays.

-----Original Message-----

**From:** YALE, CLAUDIA B  
**Sent:** Friday, December 21, 2001 9:03 AM  
**To:** MASEDA, GARY T; GREGORY, JAMES D  
**Cc:** ST CLAIR, ANTOINETTE M  
**Subject:** APGFCU Underserved Addition

Attached is the regional summary for APG to serve nine underserved census tracts in Middle River (Baltimore County). The only thing the CU needs to provide is written boundaries for the area and a map. Because they hand-carried this in, I'm expecting a short turn-around to our deficiency letter. So with the holidays and all, thought it might be useful to forward the summary to you at this point.

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